

Produced for USAID/SERBIA and MONTENEGRO

**ASSESSMENT OF THE SERBIAN COMMUNITY
REVITALIZATION THROUGH DEMOCRATIC ACTION
ACTIVITY (CRDA)**

FINAL VERSION – FEBRUARY 1, 2005

Sada!
Zajedno u akciji

**Beata Czajkowska, USAID/DCHA/DG
Judith Dunbar, USAID/DCHA/CCM
Mike Keshishian, USAID/DCHA/DG/G
Caroline Sahley, Democracy Fellow, USAID/DCHA/DG/CS
Kelley Strickland, USAID/DCHA/DG**

ACRONYMS

ACDI/VOCA	Agricultural Cooperatives Development International/Volunteers in Overseas Cooperative Assistance
ADF	America's Development Fund
AOR	Area of Responsibility
Assessment Team	Team
CC	Community Committee
CDC	Community Development Council
CDG	Community Development Group
CHF	Cooperative Housing Foundation
CoP	Chief of Party
CRDA	Community Revitalization through Democratic Action
DAI	Development Alternatives International
Field Offices	FO
General Development Office	GDO
IDP	Internally Displaced Person
IRD	International Relief and Development
MCI	Mercy Corps International
MWG	Municipal Working Group
MZ	Mesna Zajednica (Local Communities)
PRS	Project Reporting System
RH	Reproductive Health
SLGRP	Serbian Local Government Reform Program
SoW	Scope of Work
USAID	US Agency for International Development

TABLE OF CONTENTS

ACRONYMS	2
TABLE OF CONTENTS	3
EXECUTIVE SUMMARY	4
BACKGROUND	10
ASSESSMENT METHODOLOGY	11
SECTION ONE: GENERAL OBSERVATIONS	12
SECTION TWO: ASSESSING CRDA’S PROGRESS TOWARDS STRATEGIC OBJECTIVE	13
2.1 Increased Citizen Interaction.....	14
2.2 Self-help initiative	18
2.3 Local Government Interaction.....	19
2.4 Local Democratic Systems	20
2.5 Related National Level Democracy and Governance Issues	23
SECTION THREE: IMPACTS OF CRDA’S FOUR PILLAR ACTIVITIES	24
3.1 Impact of CRDA’s Civic Participation Pillar	24
3.2 Impact of CRDA’s Civil Works Pillar.....	27
3.3 Impact of CRDA’s Environmental Pillar	28
3.4 Impact of CRDA’s Income Generation/Economic Growth Pillar.....	29
SECTION FOUR: A COMPARATIVE ANALYSIS OF IMPLEMENTING PARTNER APPROACHES	29
4.1 Defining Communities: Breadth vs. Depth	32
4.2 Involvement of Local Government.....	33
2.3 Project Management	34
2.4 Income Generation Activities	35
c) Impact of IG Pillar.....	39
SECTION FIVE: THE IMPACTS OF EARMARKS AND OTHER FOREIGN POLICY OBJECTIVES ON CRDA	40
5.1 Reproductive Health Earmark	40
5.2 IDP/Refugees Earmark	41
SECTION SIX: RECOMMENDATIONS	41
6.1 Recommendations for the Ongoing Program	41
6.2 Recommendations for Future Programming	44
APPENDICES	49
Appendix A – Assessment Questions	50
Appendix B - List of Interviews	54
Appendix C - CRDA and the Income Generating Pillar	60

EXECUTIVE SUMMARY

CRDA is a five-year, USAID-funded \$200million program in Serbia and is intended to support the Mission's Strategic Objective 2.1: "Increased, better informed citizens' participation in political and economic decision-making". CRDA was originally designed as a civil society focused-program that uses community development activities to build trust between different ethnic and religious groups, demonstrate the value of citizen participation, support grassroots democratic action, as well as bring about immediate improvement in people's living conditions.

CRDA currently operates in the following four programmatic areas or "pillars", within which projects are funded:

- Civic participation,
- Civil works,
- Environment, and
- Income Generation.

CRDA is active in about 450 communities, 100 municipalities and 130 "clusters" or groupings of communities. As of August 2004, there were over 3,000 completed projects at an average cost of about \$40,000 apiece for a total of about \$80million.

General Findings

The Community Revitalization through Democratic Action (CRDA) activity was the right kind of intervention for Serbia following the NATO bombing. It helped to reestablish a relationship in a country that had been shunned by much of the international community until the toppling of President Milosevic. CRDA helped to show that the conflict had been with the Milosevic regime and not with the Serbian people. And it helped to show that the US was sincerely interested in the welfare of the Serbian people.

With a \$200m budget, it is not surprising that CRDA has materially and in a very conspicuous way improved many people's lives. The civil works projects have benefited hundreds of thousands by renovating public buildings, building roads, creating short-term employment and putting money into people's pockets and providing potable water. The environmental pillar has created a new awareness of environmental issues that may not have existed before and has addressed some local environmental problems. And the income generation pillar has helped some Serbians start or expand existing businesses.

CRDA has also been successful in mobilizing thousands of Serbians into cooperating together in thinking about their communities in ways they had probably not been accustomed to. CRDA is responsible for connecting thousands of different ethnic and religious minorities, women and younger people and having them collaborating with one another on community issues, probably also a first for many of them. While it is too soon to say whether or not ancient prejudices have been addressed, CRDA has certainly provided Serbians with a model and actual practice in working in a multi-ethnic setting.

CRDA has had many different kinds of positive impacts, from community mobilization to income generation to simply improving the quality of life of many Serbs by providing them with badly needed infrastructure. Therein lies the problem with being able to call CRDA a successful Democracy and Governance project. While CRDA is billed as a DG program and

funded with DG sources, it in fact has many other impacts that are not captured by CRDA's DG strategic objective. The result is that for \$200m, CRDA appears to be inefficient as a DG program. The team believes that CRDA's primary impact is most clearly seen in terms of increased living standards (through improved infrastructure and income generation projects). The democracy and governance impacts generated by this program, outlined later in this report, are secondary. If the multi-sectoral focus continues, resources should be drawn from a broader base and CRDA's impacts should be attributed to other SOs, not only a democracy and governance SO.

CRDA has successfully leveraged resources from municipal governments and private contributions. However, the team is concerned that CRDA has developed an overriding emphasis on projects over process. This intense focus on projects may have left partners with less time to work on community mobilization than would normally be required for deep community engagement. More significantly, this project orientation has encouraged citizen committees (CCs) to focus their activities rather narrowly on project selection and proposal development, and has not encouraged them to develop their own identity and unique role in the community.

Citizen participation stimulated by CRDA is centered on project related issues and has not necessarily translated into citizen participation in wider community affairs, nor an active engagement with local government. Generally, CRDA has not yet engaged this now more energized citizenry in a meaningful partnership with their locally elected leadership. But for some notable exceptions, "Citizen participation in political and economic decision-making" (SO 2.1) is not taking place in a meaningful way.

While the CRDA model may empower citizens, it may be at the partial expense of local governments. CRDA empowers CCs and provides them with access to large amounts of funding to implement projects which are often normally in the domain of local governments, such as local infrastructure. While local governments are informed of projects CCs have identified and even contribute funding from the municipal budget towards them, local governments are not adequately involved in the selection and planning process. In his regard, the CRDA model falls short of "citizens participating in political and economic decision-making" (SO 2.1).

CRDA has made some progress in laying the foundation for the development of more participatory, local democratic processes. However, the progress toward increased citizen participation and increased inter-ethnic cooperation has been seen primarily within the confines of the program. At this stage, CRDA has not had significant impact in developing more democratic local systems, and processes. The next step for CRDA or a post-CRDA program is to work toward more systemic change and the development of more democratic processes at the local level.

Impact of CRDA's Civic Participation Pillar

There is no question that many of the Civic Participation (CP) projects visited by the team appear to be contributing to the objectives of this pillar. However, an examination of the some 820 civic participation projects in the Project Reporting System (PRS) raises some questions as to how these projects are defined and classified. Many of the projects under the civic participation pillar are heavily infrastructure oriented. If the objective of the CP pillar is civic participation, it is difficult to see how many such activities contribute to this objective.

There are also a large number of projects in the CP pillar that are health-related, or even reproductive health-related, that fall under the CP pillar subcategory of “Health Services and Training” which have questionable contributions to a pillar entitled “Civic Participation”. Similarly, there are also projects in which IT equipment was purchased for computer labs and internet cafes where the team questioned their furtherance to the objectives of this pillar.

The team is uncertain about how to measure the impact of the subcategory “Fairs and Festivals”, 32 of which have been funded by CRDA to date for a total cost of about \$400,000. The team notes that there may be a role for some small-scale fairs and festivals. But the team is concerned that the high price tag for some of these events might make them difficult to justify.

Overall, the team believes that the civic participation pillar has strong potential for contributing to the overall CRDA program objectives of increasing citizen participation and civic engagement. However, the projects funded within the pillar do not all seem to be encouraging civic participation. A clearer justification and definition of the types of activities that could be funded under this pillar might help make CRDA more effective in this regard.

Impact of CRDA’s Civil Works Pillar

Improvements in infrastructure have led to higher living standards for community members as a result of better access to clean drinking water, sanitation, the improvement of public buildings and schools, and communication services, among others. Field discussions also suggest that civil works projects were key to getting more people involved in the CRDA process because they are the most visible and recognizable to community members. Given their visibility and their living standard benefits, the civil works projects are likely to continue to be the most popular and readily (naturally) identified by communities participating in the CRDA activity. Their high visibility appears to be a factor that mobilizes community members to participate in the program. However, the team felt that the democracy and governance impact was limited to the process itself with any democracy and governance benefits ending with the completion of the project.

Impact of CRDA’s Environmental Pillar

Overall, the team felt that the environmental activities seemed to have had greater impact on creating real civic participation than at least some of the activities listed as “civic participation.” There were numerous examples of community members coming together to clean up their communities and riverbeds with some of these initiatives coming independently of CRDA resources and programming.

The environmental pillar also actively engaged local NGOs in the process. Earth Day programs were particularly effective at drawing together communities towards a common cause and raising environmental awareness. CRDA significantly raised public awareness of environmental concerns. The team recognizes that this was an important undertaking transforming years of environmental neglect and improving environmental knowledge. With that said, any significant environmental infrastructure projects are often too expensive and require a great deal of co-funding as well as cooperation with the local authorities to obtain permits and to fit them into larger development plans of the municipality or private industry.

Impact of CRDA’s Income Generation/Economic Growth Pillar

We do not believe that CRDA is an ideal mechanism for income-generating activities. But we also recognize that for various reasons, CRDA may be forced to become an income-

generating activity. Below, we summarize why we do not believe CRDA is the best way to approach income generation. This is followed by suggestions on, given current realities, what kind of IG activities CRDA could focus on.

- *A community mobilization approach may not be ideal for income-generating activities*
- *Adequate monitoring is not feasible for CRDA's IG projects.*
- *CRDA's approach to IG projects lack strategic vision.*
- *The CRDA practice by some partners of making large grants to existing businesses persons should be further examined.*

If nevertheless CRDA is going to shift from its four pillar approach to focusing only or primarily on the IG pillar, here are some IG areas we believe might be most compatible with the CRDA approach:

- *Develop Local Economic Development Strategies*
- *Focus on Economic Infrastructure*
- *Business Improvement Districts*

The Impacts of Earmarks and Other Foreign Policy Objectives on CRDA

CRDA has been subject to a \$1.5m reproductive health earmark, an IDP and refugee earmark and a directive by the Ambassador to focus more on economic growth and income-generating projects. These earmarks and other foreign policy objectives may have posed somewhat of a contradiction to the CRDA concept of community choice. On one hand, CRDA has emphasized the importance of citizens identifying priorities in their community. But on the other, earmarks and other sundry pushes have in fact limited these choices by “guiding” communities and creating the “demand” to make the choices that would satisfy this or that agenda.

Summary of Recommendations

Following are recommendations for the ongoing CRDA program and recommendations for a post-CRDA timeframe. In summary of the recommendations we make for the ongoing program, we propose that in the time remaining in CRDA, the program be tied much closer to municipal governments, preparations be made to ramp CRDA down from its currently high levels of funding to what will become a more modest budget and finally, to put CRDA under management of the Mission's DG Office where we believe more attention will be paid to the DG impacts and to better link CRDA to other DG activities. The section entitled “Recommendations” starting on page XXX also provides programmatic options for implementing our recommendations. Further recommendations regarding the use of CRDA as an income-generating activity are in **Appendix C - CRDA and the Income Generating Pillar** on page 60.

Recommendations for the Ongoing Program

a) Integrate and harmonize the work of the community committees with that of the municipal governments.

Programmatic options:

- Synchronize the municipal budget cycle with the CRDA project approval cycle
- Improve the coordination of CRDA “town hall” meetings MZ and municipal town hall meetings.
- Require municipalities to adopt the MZ ordinance and work closer with the MZs.

b) Take steps to wean CRDA communities off of program funds.

Programmatic Options:

- Put community committees in touch with local and national organizations that can support future self-help initiatives.
- Shift focus away from large infrastructure projects toward smaller projects in communities that have addressed their most pressing infrastructure needs
- Broaden the role of the CRDA CCs by encouraging them to get involved in advocacy and other activities within the community.
- Consider increasing the counterpart contribution of communities in those most able to pay for their own programs

c) Commission a study of the economic development impacts of the IG pillar.

d) Redefine, and place a higher priority on, the civic participation pillar.

Criteria could include (but are not limited to) the following:

- projects that provide on-going opportunities for civic engagement,
- activities that bring together different civil society organizations (formal or informal, national and local),
- or those that provide civic education to promote democratic practices and values, and encourage citizen participation

e) Put measures in place to make CRDA more transparent

Programmatic Options:

- Develop standard by-laws that committee members must sign in order to serve on the committee.
- Develop set schedules for rotation of committee members.
- Develop and publicize mechanisms for community members to report irregularities to implementers and USAID.
- Make the PRS, or at least larger parts of it, open to the public so that it does not require a username and password to access.

f) Put Mission management of CRDA within the DG Office:

Recommendations for Future Programming

a) Integrate a CRDA-like component into any future local government activities.

b) Develop a separate micro, small and medium enterprise program to promote economic development and job creation and have it managed out of the Mission's Economic Growth Office.

Programmatic Options:

- Coordinate closely with ongoing Serbian Enterprise Development Project and Opportunity International.
- Develop a separate economic growth project focused on community-based economic development challenges. CRDA is currently implementing a number of important economic growth initiatives at the local level, including outreach to financial institutions, support for micro-entrepreneurs, and assistance to small and medium enterprises. This support has a specific community focus that should not be lost in future program (e.g., grants provided to SMEs under CRDA frequently require a 'social pay-back' that might not be included in a traditional economic growth

program). Nonetheless, it would be best to implement an economic growth program in cooperation with a CRDA-like program, rather than through a CRDA-like program.

c) Identify and create ‘spaces’ for citizen participation and interaction in a post-CRDA environment in order to sustain the impact of the community mobilization that was achieved through CRDA.

Programmatic Options:

- Conduct a base-line survey to measure the current level of understanding of democratic principles and participation.
- Create citizen boards at the municipal level.
- As part of the proposed MZ ordinance, include the creation of citizen forums.
- Consider ways to integrate some of the better performing CCs into future Mission civil society programming.

d) *Maintain a focus on developing social capital and mitigating ethnic/political tensions in all USAID projects in Serbia. [South Serbia specific recommendations].*

Programmatic Options:

- Use grants to NGOs to support public and civic education on interethnic tolerance and diversity.
- Involve youth groups in civic education campaigns on tolerance, both as targets and as implementing partners.
- Consider the role of school-based civic education in building a culture of democratic values as well as ethnic tolerance.
- Focus on ethnic and political tensions in the upcoming Mission Conflict Assessment.

e) *Include a focus on youth in future mission activities.*

Programmatic Options:

- Develop youth-focused civic participation initiatives
- Develop economic opportunities for young people.

f) *Push for systemic, structural changes in the MZs to promote deeper democratic impacts.*

Programmatic Options:

- Tie CRDA and/or future funding to the adoption of the proposed MZ ordinance to provide an incentive for municipalities to adopt the ordinance.

g) Continue to focus on municipalities and communities long neglected by central authorities.

Programmatic Options:

- Include a grant component in future local government programming explicitly designed to focus on neglected municipalities and communities.
- Tie future co-funding requirements to a community’s ability to pay.

h) *Build on the capacities of the NGO sector and encourage linkages between NGOs, CCs and local government.*

Programmatic Options:

- Support complementary advocacy activities to encourage increased public policy dialogue, and citizen involvement in political and economic decision-making at the national level.
- Develop the capacity of local NGOs to provide technical assistance to other local NGOs and CCs.

- Encourage partnerships between NGOs and local government on a range of issues including service delivery, public education, and youth training.

i) Commission a Democracy and Governance Assessment.

BACKGROUND

In preparation for the development of a new three-year strategy, USAID/Serbia has commissioned a series of assessments of key sectors and programs it has supported since 2001. The purpose of these assessments is to determine if further work is warranted in these sectors and to provide recommendations on how the Mission might modify its approach and focus. This assessment focuses on the Community Revitalization through Democratic Action (CRDA) program.

CRDA is a five-year, \$200million program covering all of Serbia except for the 17 municipalities which constitute the Belgrade metro area and the province of Kosovo. CRDA is intended to support the Mission's Strategic Objective 2.1: "Increased, better informed citizens' participation in political and economic decision-making".

CRDA was originally designed as a civil society focused-program that uses community development activities to build trust between different ethnic and religious groups, demonstrate the value of citizen participation, support grassroots democratic action, as well as bring about immediate improvement in people's living conditions.

CRDA is implemented by the following five US organizations via cooperative agreements with USAID/Serbia:

- Agricultural Cooperatives Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA)
- America's Development Fund (ADF)
- Cooperative Housing Foundation (CHF)
- International Relief and Development (IRD) and
- Mercy Corps International (MCI).

Each partner operates in a geographically defined area of Serbia known as their Area of Responsibility (AOR). Each of them has one-fifth or \$40 million of the total \$200 million ceiling for CRDA. CRDA currently operates in the following four programmatic areas or "pillars", within which projects are funded:

- Civic participation,
- Civil works,
- Environment, and
- Income Generation.

Since 2001, CRDA's focus has expanded to incorporate the implementation of earmarks, such the reproductive health earmark and a 'soft earmark' for IDPs/Refugees. In addition, there has been an increasing emphasis on income generation activities.

CRDA is active in about 450 communities, 100 municipalities and 130 "clusters" or groupings of communities. As of August 2004, there were over 3,000 completed projects at

an average cost of about \$40,000 (although the range of project cost can go from a few thousand dollars to over \$300,000) apiece for a total of about \$80million.

ASSESSMENT METHODOLOGY

Because of the sheer size of CRDA in terms of budget, number of and range of activities, number of partners and geography, the Mission chose to have this Assessment carried out by five people over a four-week period during July and August 2004. The Assessment team (team) members consisted of:

Beata Czajkowska, USAID/DCHA/DG
Judith Dunbar, USAID/DCHA/CMM
Mike Keshishian, USAID/DCHA/DG/G;
Caroline Sahley, Democracy Fellow, USAID DCHA/DG/CS; and
Kelley Strickland, USAID/DCHA/DG.

The team began with a series of meetings and a review of CRDA-related documents in Washington DC, one week prior to arriving in Serbia. Once in Serbia, the team met with relevant staff from USAID's technical offices, the GDO and Program Office staff. The team then designed a questionnaire to provide some structure and guide the team as they conducted field interviews (see Appendix A – Assessment Questions on page 50). The list of questions was updated and modified throughout the process with questions being added or deleted as appropriate.

The team paired with USAID field office managers and conducted field interviews and site visits. Four of the five team members then deployed to the north, central, southwest and southeast AORs. The team leader remained in Belgrade and conducted interviews with Belgrade-based CRDA country directors and others. After three days of being in the field and interviewing community committees, local government representatives, and field-based partners, the team regrouped in Belgrade for two days to share experiences and reassess the team's approach. The team then resumed site visits and field interviews for another four days. Finally, the team regrouped in Belgrade again for final discussions, drafting the initial assessment document and debriefing the Mission. Overall, the team held about 130 meetings with GDO Field office managers, CRDA Implementing Partners, Community Development Councils (CDCs), beneficiaries, municipal officials and others (see Appendix B - List of Interviews on page 54). Supplemental telephone interviews were conducted with each Chief of Party upon our return to Washington DC, to fill in remaining gaps in information.

CRDA is an activity with a Democracy and Governance (DG) Objective (SO 2.1). CRDA operates with DG funding. The CRDA Assessment team consisted of primarily DG specialists. For these reasons, the emphasis of this assessment is on the DG aspects of CRDA which is a crosscutting theme for all pillars. The team concentrated on determining the impact of CRDA on SO 2.1: "Increased Better Informed Citizen Participation in Political and Economic Decision-Making". The team interpreted this SO as citizens being involved in a *meaningful* way in decisions regarding community matters. While the team did consider the non-DG impacts of the civil works, environment and income generation pillars, the team had neither the necessary expertise nor mandate to analyze them very deeply.

Subsequent to the debrief, the Mission requested that the team provide some recommendations on whether CRDA could be used solely as an income-generating activity (focusing only on the IG pillar) and what kind of IG activities, if any, it could focus on. The team explained that this is an issue beyond the ability of any of its members to respond to adequately. But in our effort to be responsive to the Mission, we have included a section in

the appendices in which we attempt to address this issue (see Appendix C - CRDA and the Income Generating Pillar on page 60).

SECTION ONE: GENERAL OBSERVATIONS

Overall, the team found that CRDA has an impressive reach and scale, and has improved the quality of life for many people throughout Serbia. The sheer scale of CRDA and the very visible infrastructure improvements achieved have helped to give people a sense that their lives are improving. It has given people who have lived through long years of stagnation, economic sanctions and war hope that Serbia is beginning to move in a positive direction and that the international community cares about their future.

CRDA has provided communities with new tools for community organizing as well as actual practice in identifying needs and priorities. CRDA's participatory process brings community members together to identify shared needs and communal problems as well as to consider solutions. CRDA has aided communities in identifying local resources for community development initiatives, while also enhancing their ability to access outside resources at the municipal and national levels. In doing so, CRDA has mobilized a small but important core of new community leaders, and has energized some existing community leaders.

CRDA has been successful in ensuring diversity in its program activities, and has succeeded in including a range of ethnic, religious, age and other social groups. In addition, the needs identification and project selection process requires communities to include a wide range of community members, in terms of ethnic minorities, women and different age groups.

The team believes that it is important to point out that CRDA is in fact a multi-sectoral program with impacts that extend beyond the democracy and governance sector. CRDA is a multi-sectoral program receiving its resources from one sector – democracy and governance. The danger of calling CRDA a democracy and governance program is that it makes CRDA vulnerable to inefficiency arguments because the results probably do not justify the costs if one looks at CRDA from a purely DG perspective. The team believes that CRDA's primary impact is most clearly seen in terms of increased living standards (through improved infrastructure and income generation projects). The democracy and governance impacts generated by this program, outlined later in this report, are secondary. If the multi-sectoral focus continues, resources should be drawn from a broader base and CRDA's impacts should be attributed to other SOs, not only a democracy and governance one.

CRDA has successfully leveraged resources from municipal governments and private contributions. CRDA's resources have made it possible for communities to leverage at least 25% and, at present even higher (35%-50%), co-funding from municipal governments and other sources. This has allowed CRDA to have an ever greater impact than with USAID funds alone.

However, the team is concerned that CRDA has developed an overriding emphasis on projects over process. The program calls for a large number of projects to be implemented in a relatively short period of time. This intense focus on projects may have left partners with less time to work on community mobilization than would normally be required for deep community engagement. More significantly, this project orientation has encouraged CCs to focus their activities rather narrowly on project selection and proposal development, and has not encouraged them to develop their own identity and unique role in the community.

Citizen participation stimulated by CRDA is centered on project related issues and has not necessarily translated into citizen participation in wider community affair, nor an active engagement with local government. CRDA has successfully developed the ability of citizens to mobilize and organize. However, CRDA has not yet engaged this now more energized citizenry in a meaningful partnership with their locally elected leadership. “Citizen participation in political and economic decision-making” (SO 2.1) is not taking place in a meaningful way.

CRDA has made some progress in laying the foundation for the development of more participatory, local democratic processes. Community leaders have been mobilized and interaction between citizens and local government has increased. However, the progress toward increased citizen participation and increased inter-ethnic cooperation has been seen primarily within the confines of the program. At this stage, CRDA has not had significant impact in developing more democratic local systems, and processes. The next step for CRDA or a post-CRDA program is to work toward more systemic change and the development of more democratic processes at the local level.

While the CRDA model may empower citizens, it may be at the partial expense of local governments CRDA empowers CCs and provides them with access to large amounts of funding to implement projects which are often normally in the domain of local governments, such as local infrastructure. While local governments are informed of projects CCs have identified and even contribute funding from the municipal budget towards them, local governments are not adequately involved in the selection and planning process. In his regard, the CRDA model falls short of “citizens participat(ing) in political and economic decision-making” (SO 2.1).

SECTION TWO: ASSESSING CRDA’S PROGRESS TOWARDS STRATEGIC OBJECTIVE

The broad objective of CRDA is to promote democratic processes and citizen empowerment at the grassroots level, contributing to SO 2.1: “Increased, better-informed citizen’s participation in political and economic decision making.” This broad objective is to be achieved through the implementation of the four pillars of the CRDA program --- increased or improved citizen participation in the economic and political decision-making (civic participation), social and physical infrastructure (civil works), economic opportunities and income generation (income generation) and environmental conditions (environment).

In order to address the question of the impact of the CRDA program on local level democratic processes with any specificity, it is important to first clarify, define and differentiate these possible democracy related impacts. The assessment team adopted a framework which provides a scaled approach to identifying these possible impacts (see figure 1).

Figure 1: Framework for Assessing Democracy Impact of CRDA



Observed Changes	Levels	Possible Impacts
Related National Level Issues	National level impacts or constraints which impact local level democratic processes.	<ul style="list-style-type: none"> Decentralization- local government given greater authority Increased public policy dialogue, citizen participation at national level
More Democratic Local Systems (Sustainable, structural changes at the local level)	Municipality	<ul style="list-style-type: none"> More meaningful participatory decision making Increased transparency More responsive
	MZ council	<ul style="list-style-type: none"> Revitalized MZ council More responsive New leadership More representative leadership
	Citizens	<ul style="list-style-type: none"> More democratic political culture Politically active citizenry Citizens express demands to local gov't
Citizen Interaction with Local Government	Municipality	<ul style="list-style-type: none"> Local government more aware of community needs Citizens better understand how local government works Exchange of information More contact between citizens and local government
	MZ council	
Community Self-Help Initiatives	Communities identify and start to solve own problems.	<ul style="list-style-type: none"> From passive to proactive attitudes and behaviors Local initiative stimulated Mobilized local leaders
Increased Citizen Interaction	Between communities	<ul style="list-style-type: none"> Increased social capital Increased inclusion Increased tolerance Increased inter-ethnic cooperation
	Within communities	

The framework is presented above and outlines a five step framework for assessing democracy impact at the local level. For each of these five categories, possible democratic impacts are listed, although it is important to note that these are illustrative only and do not provide an exhaustive list. The use of this framework is helpful in providing a structure for a discussion of CRDA's impact on local democratic processes.

2.1 Increased Citizen Interaction

CRDA's approach to community development and mobilization is designed to encourage increased interaction among citizens within and between communities, with a particular focus on the inclusion of minorities. Increased citizen interaction, particularly if working in cooperative and productive ways, can act to build the degree of social capital and trust within communities. Among the possible democracy related impacts which might be expected to flow from increased citizen interaction in multi-ethnic communities are increased tolerance for religious and ethnic minorities; increased recognition and understanding of the needs of others; and the development of a sense of community which transcends religious and ethnic divides. We first describe what was observed in the field in this regard, before turning to a discussion of the possible sustainable impacts of program activities in this area.

CRDA implementing partners used a range of approaches to mobilize and help organize CCs. Although using different labels, CCs with broadly similar roles and functions were created in all program regions. They are known as Community Boards by ACDI/VOCA; Community Development Committees by CHF; by the Serbian acronym GRZ (Grupa za razvoj) by MC and Community Development Groups by ADF. For simplicity, the generic term ‘Community Committee’ or ‘CC’, will be used to describe all of them. The CCs all sought to provide opportunities for a wide range of individuals to become involved in discussing community needs and prioritize CRDA projects.

CRDA has successfully stimulated increased citizen interaction through CCs, cluster committees,” town hall” meetings and other forums.

The team found that the program has been able to increase the opportunities for citizens to come together to discuss shared issues and problems. CRDA provides a range of opportunities for citizens to interact on community development activities. Again, although there is some variation in the approaches adopted by implementing partners, opportunities for participation fall along similar lines. First, CCs comprised of volunteers meet on a regular basis to discuss community needs and develop project priorities. In some cases, sub-groups work on particular project or particular pillars were also created. These group meetings provide an opportunity for the more active volunteers to participate and meet on a regular basis. Open town meetings (separate from the municipalities’ town hall meetings) on an annual or more frequent basis allow for less active members to remain informed of program activities, and more importantly, to participate in the discussion of community needs and selection of project priorities. Although most interaction occurs within communities, committees at the cluster level bring citizens together from different communities to discuss shared needs.

Most opportunities for citizen interaction created through CRDA occur through the process of identifying and implementing projects. However, it is important to note that in some cases there are important impacts of the projects themselves, particularly those that fall under the civic participation pillar. The funding of community centers or youth clubs, as occurred through the civic participation pillar, can play a role in advancing the objectives of increased citizen interaction, leading to social capital and growing trust and tolerance among members of a community.

CRDA has been relatively successful at ensuring diversity and minority representation on CCs and in other program forums.

A diverse range of ethnic groups, age groups, and women have been brought into the program. The team observed that all implementing partners placed a strong emphasis on ensuring diversity within the CCs, aiming for a minimum of 30% minority representation in CCs. CHF, for example, enforced strict diversity standards, requiring 30% women, minorities and young people. Other partners actively encouraged diversity and, for example, 42% of CCs members in ACDI/VOCA’s AOR are women and/or minorities.

Overall, the team met with representatives of dozens of CCs, and direct observation suggests that these efforts to achieve diversity have been relatively successful. While it was not possible for the team to determine how representative of the local CC membership actually was, we did observe a range of diversity with the groups we met with. The team did note however that in many cases, youth and Roma appeared to be underrepresented in the CCs,

although we again caution that our observations were not based on any type of systematic sampling. Our overall impression is that the CCs were fairly diverse.

In short, what the team was able to confirm is that inter-ethnic and minority interaction did increase within the confines of the program. That is to say, that the organizational structures and meeting spaces created by CRDA increased inter-ethnic interaction at least at some level. Yet, the more important question to ask whether there is evidence of levels of increased tolerance and social capital within the community at large, not simply with the CRDA created CCs. Here the evidence is more limited.

CRDA has provided citizens with a model of inclusive, participatory decision-making, and has provided citizens with actual practice in consensual decision-making. It is unclear, however, if it has led to increased inter-ethnic cooperation within the community at large.

Determining the degree to which inter-ethnic cooperation, tolerance, and trust has increased within a community is a very difficult task. Intangible impacts such as social capital and trust are not readily amenable to measurement, and are generally invisible to direct observation. Moreover, these issues are not often easily or openly discussed in focus group or interview formats. Although the assessment team did attempt to capture the extent to which CRDA has had a positive (or negative) impact on social capital and ethnic tolerance, our findings are anecdotal at best. The assessment methodology which entailed brief visits to a large number of communities and an almost exclusive use of interviews for data collection means that the team's ability to generate definitive findings on this issue is very limited. With these caveats in mind, we can offer some tentative observations.

Certainly, we can say that CRDA CCs have provided models of consensus building among different groups within a community. These models demonstrate to citizens that consensual decision making processes are not only possible but can be productive and beneficial to the community at large. Moreover, CRDA also provides citizens with actual practice in consensual decision making processes. For some participants, it may be the first experience with regular and close interaction with members of another religion or ethnic group, particular in terms of discussing shared problems and common needs. In addition to the benefits of the inclusive process, the projects on IDP or minority issues, youth action or women's health, have served to focus community attention on the problems of populations that may have been overlooked before. In doing so, CRDA has given these groups a greater voice in the community, at least in CRDA- related discussions and decision-making.

What remains unclear is whether the CRDA process has gone a step further and had an effect on attitudes and beliefs. Beliefs about other ethnic, religious, and social groups develop over long periods of time and are often deep-seated. Brief periods of increased citizen interaction are unlikely to be sufficient to overcome deep-seated suspicions and beliefs, although the team would like to emphasize that such interaction represents an important and necessary starting point. An important question, therefore, is whether the types of citizen interaction stimulated within CRDA will continue beyond the life of the program, thereby increasing the possibility of attitude change over the long term.

The sustainability of many types of citizen interaction stimulated by the CRDA program is in question.

How sustainable is this increased level of citizen interaction observed in CRDA program areas? One of the team's concerns is that CRDA has mobilized communities and minorities in CRDA specific forums, such as CCs, cluster committees, and "town hall" meetings. These

are forums that currently don't have a 'life' outside of the CRDA program. An important question to ask is whether this heightened degree of interaction among citizens of a community will continue after the program ends.

A related question of critical importance is how minority voices will be heard in a post-CRDA environment, in the likely case that these CCs become less active, or even ceases to function. Will the minority members of the community that gained representation through CRDA continue to have representation when the carrot of funding is gone? It seems likely that their voice will fade away slowly in some communities, or that they will rapidly go back to their former state in others, unless new spaces for interaction and communication are created on a more sustainable basis.

Future programming should seek to preserve the gains that have been achieved to date, by creating sustainable spaces for citizen interaction and on-going community engagement. It is therefore important for both the Mission and the partners to consider what organization, meeting spaces, or forums will remain that will encourage the kind of in-depth and sustained interaction that can be expected to begin to change attitudes over time. ADF has proposed, for example, the creation of municipal level citizen advisory councils, which would have an advocacy focus rather than a project focus, to create a more sustainable organization for citizen participation. IRD is creating working groups at municipal level that bring together community members, local government representatives, and members of the business community to select projects and, in the future, manage some municipal funds. (Some of these ideas are further discussed in the Recommendations section).

The discussion thus far has focused on the potential impacts of citizen participation due to the CRDA participatory decision-making process. It should be pointed out that some types of projects have the potential to increase citizen interaction as much as the process of project selection itself. Environment projects such as cleaning of riverbeds and parks that brought citizens together from different parts of the community to engage in community improvement would lead to increased interaction for at least a short time. Civic participation projects, such as community centers, may provide a place for this interaction to continue beyond the life of the program. The impact of these types of projects will be discussed greater depth in section Three.

CRDA has stimulated increased interaction between communities through clusters, as well as within communities, although the potential democracy impact of these efforts may be more limited as they involve proportionally fewer people in the deliberative process.

The CRDA program encourages inter-community as well as intra-community interaction and collaboration. Cluster committees bring together a small number of volunteers from each community to a committee that operates on a wider geographic level. Cluster committees encourage citizens to identify needs and problems outside their community at a municipal or multiple MZ level. It encourages citizens to develop a concept of 'community' at a level larger than their own. This identification of broader issues and recognition of shared problems with other communities is a potential advantage of the cluster component of CRDA.

Yet, this advantage comes with a possible trade-off. Cluster committees, which necessarily involve only a few volunteers from each community, involve proportionally fewer people in the deliberative process. From an infrastructure or social service point of view, cluster projects are more appealing because they have the advantage of reaching a larger number of

people. From a democracy perspective, however, they may encourage a more shallow engagement by community members. In other words, it may be better from a democracy perspective to have ten small projects of \$10,000, than a single larger municipal level project of \$100,000, in terms of the opportunities for democratic participation created by the project identification and selection process. Careful consideration should be given to achieving a balance between cluster projects and village level projects, considering not just the number of potential beneficiaries of the project itself, but the opportunities for citizen participation created.

On the other hand, it should be pointed out that cluster projects may be better able to involve the municipality in a more substantive way. Where possible, this cooperation may enhance the opportunities for meaningful citizen participation. However, cluster projects should not be done at the expense of the community level ones because a mix of initiatives and projects opens opportunities for participation at multiple levels.

2.2 Self-help initiative

The next step on the framework illustrates a shift from citizen interaction to the development of a culture characterized by self-help initiative and an active base of civil society activity at the local level. At this rung on the framework, we would look for evidence that communities are playing a greater role in identifying their problems and taking steps toward solving them. The question here is the extent to which CRDA is encouraging a change in attitudes and practices from one which expects top down solutions to local problems to one which encourages a more active citizenry. This attitude change is very important in a transitional country like Serbia where the historical legacy of centralized power has created a culture where people are not accustomed to taking local action. Again, the team's findings here are mixed.

Certainly, citizen engagement in CRDA activities has a self-help component and has encouraged participants to look at their communities and their problems in a new way.

Community members participated actively in the project selection process, and seemed to remain engaged during the project implementation stage. Moreover, many communities provided in-kind contributions of labor or even their own cash to meet the co-financing requirement. The CRDA process itself, of course, encourages citizens to identify and seek solutions to their own problems, even if the solution does include donor funding. We can reasonably assume that participating in this process has been an awareness raising process for those involved.

However, questions to CC members about whether they were engaging in small scale activities outside the program yielded little evidence that CCs were finding a broader role for themselves in the community, and engaging in self-help activities without CRDA financial support (with a small number of exemplary exceptions). There seemed to be limited spill-over into small scale, genuinely self-help initiatives. It is difficult to say, therefore, whether community level self-help activities will continue once the financial 'carrot' offered by CRDA is no longer there to motivate communities to organize.

The large financial 'carrot' in the CRDA approach creates the risk that a sense of entitlement, rather than a culture of self-help initiative, will be created. CRDA risks creating unrealistic expectations regarding what can be achieved through local community action.

As part of the team's interviews, CC members were asked how they viewed the future of these groups in a post-CRDA environment. We were interested in obtaining a sense of how these CCs were developing a vision for their future role in the community. Most responses referenced the need to find more donor funding to continue activities, indicating that few, if any, felt that community action could be achieved on the basis of community self-help or through increased partnerships with local government. This is despite the fact that many projects, for example cleaning parks or revitalizing jogging trails, could be done just as well without CRDA funding.

This limited vision expressed by most CC members implies that communities view donor funding, rather than their own efforts, as the key to future local level development. However, not all respondents expressed a need for donor funding. On a positive note, some did indicate that they would seek financial support from the local government, suggesting a role that is more embedded in the local community.

The team is concerned that the large number of projects within a single community, in excess of ten in some cases, may have the opposite effect, and may be encouraging an attitude of entitlement, rather than the hoped for impact of stimulating an active civil society at the grassroots level. Moreover, it is possible that the large number of projects in some communities have received has created unrealistic expectations as to what CCs are able to achieve. Community groups have become accustomed to a rapid pace of project implementation, with several implemented projects within a year. This pace of success is not realistic or sustainable. It is probably inevitable that communities groups will face disappointment or disillusionment in a post-CRDA environment if not carefully 'weaned' from the project. As we will discuss in the Recommendations section, careful attention to 'graduation' over the remainder of the life of the project is essential.

CRDA has identified and mobilized new community leaders.

On the positive side, the team feels that one of CRDA's most significant impacts is the identification and mobilization of new community leaders. Although the team did note that many of the committee members were already active in the community in some way, such as MZ council members or school principals, we did see a small core of new, active leaders emerging within the committees. It is important to consider how this leadership will be channeled after CRDA ends – where and how will these new leaders be able to play a leadership role in their community?. This consideration reinforces the team's concern that greater emphasis be given to the identification and creation of sustainable 'spaces' for citizen participation, vis-à-vis government, each other, and within civil society organizations. Again, we will consider this issue in greater depth in the Recommendations section.

2.3 Local Government Interaction

At the next step in the framework, we look for evidence not only that citizens are engaging in self-help initiatives, but also that they are engaging with local government on issues facing their communities.

CRDA has moved beyond encouraging citizens to solve their own problems (Step B, Self-Help Initiative) and has encouraged greater interaction between citizens and local government, at both the MZ and municipal levels.

CRDA has increased the level of interaction between citizens and local officials, a critically important achievement in a context where there was little or no positive interaction before. CRDA's vast resources have given citizens leverage enabling them to approach local officials

and negotiate local government contributions to projects. CRDA has also given community committees certain legitimacy because, in addition to being the key to accessing CRDA funds, the CCs also represent the wishes of the citizenry at large. CRDA has opened doors and given the citizens a place at the table with their local leaders.

This type of citizen-local government interaction has increased awareness by local government officials of the needs and priorities of communities, including many that had been previously neglected. Through their involvement in CRDA, municipalities and MZs have undoubtedly become better informed about their communities' needs. The fact that many MZ members are also community committee members implies that they too have been involved in canvassing the community for input and participating in "town hall" meetings. The requirement by CRDA that minorities (ethnic, religious, youth and women) participate in the community committees also implies that local officials are gaining a better understanding of their concerns and priorities.

On the other side of the table, CRDA has shown citizens that interacting with local officials is possible. CRDA has made local government official approachable. As one CC member noted, interacting with local officials at town hall meetings and at other forums showed them that local government officials are not 'untouchable'. Increased interaction with the municipal bureaucracy helped to demystify the process for many. Increased interaction with municipalities in obtaining permits for various CRDA projects also better familiarized members of the community committees with the way their local government works. CRDA has provided citizens with resources and techniques and has shown them that the cooperation with local officials can be beneficial for the community.

2.4 Local Democratic Systems

The step from "Interaction with Local Governments" to "More Democratic Local Systems" sets a higher standard for the kind of changes in behavior in citizens and in the institutions of democracy which represent and serve them. Here the team looked for evidence of structural and sustainable change within the citizenry, the MZs, and municipal governments.

CRDA has laid an initial foundation to move toward more systemic change at the local level. However, the team saw limited evidence of systemic change in local political and economic decision-making processes.

There is no doubt that CRDA has provided the incentives for citizens to mobilize and to interact with municipal governments to realize projects. CRDA has engaged many citizens in the process of a participatory methodology for prioritizing projects and obtaining co-financing from the municipality and the necessary permits (when applicable) to realize them. Has this led to a more democratic, political culture and a politically more active citizenry? CRDA has certainly activated many citizens and given them new tools for thinking about their problems. While this is an important starting point, this by itself does not constitute a permanent change to more democratic political culture or a more politically active citizenry. The team has seen limited evidence of systemic change in the way local government interacts with citizens, or the role of citizens in local development, outside the confines of the program.

Part of the reason CRDA has not taken this next step lies in the program design and implementation. CRDA focuses too heavily on implementing projects and too little on the process itself. USAID field engineers are geared towards assuring that the physical aspects of projects, quality of works and other engineering parameters are up to specifications. The

PRS focuses on capturing what was done, how much it costs and the number of beneficiaries. More effort should be focused on the process involved in implementation of the projects and whether it is having the desired democratic results. After all, CRDA is supposed to be about involving citizens in political and economic decision making at the local level and the projects are only supposed to be a means towards that end.

CRDA may have an impact, although limited, on revitalizing some MZ councils.

MZs are the lowest level of local self-governance in Serbia and are theoretically representative of the citizenry at the neighborhood level. As such, MZs would notionally provide the ideal conduit between citizens and local government. In practice however, the MZs do not play this role adequately. The team heard in many interviews that MZs were politicized and partisan. Many MZ members are reportedly more accountable to the parties they represent than to their constituencies. Cooperation within many MZs is hampered because of reluctance to work together with opposing party members. Gridlock within MZs often means that they cannot agree on this or that matter, even though the interests of their neighborhood are at stake. Finally, MZs may not be sufficiently representative of the ethnic or religious minorities in their communities. Women and younger people are also not proportionately represented in the MZs.

Because these failings of the MZs to adequately represent the interests of their neighborhood, the CRDA partners do not work directly with them. To do so would run the risk of jeopardizing the basic principle of CRDA: citizen mobilization. Still, many CC members are also MZ members. Through the involvement of MZ members in the CRDA CCs, they have been exposed to methods of participatory decision-making reportedly not in practice in many MZs. The most positive effect CRDA has had on MZs is probably the fact that in some communities, CC members have run for and been elected to the MZ. However, to a large extent, affecting structural sustainable change within the MZ is beyond the ability of CRDA. Structural change cannot be achieved until the political incentives MZs have for behaving the way they do (elections based on party lists, length of mandates, etc.) are altered through legislation.

It was not within CRDA's mandate to revitalize the MZ councils and affecting structural sustainable change within the MZ is beyond its ability. An opportunity for progress in making MZs more representative and responsive is on the horizon. The SLGRP together with the Standing Council of Towns and Municipalities is currently drafting a model ordinance on the MZs. This ordinance, which municipalities can choose to adopt in part or in whole, would help to depoliticize the MZs by not allowing ballots to contain party affiliations. It would allow for "positive discrimination" to assure that at least 30% of the MZ is female. It would require mandatory public hearings and would allow for an even lower level of representation, the village board (mesni odbor). Finally, it would provide MZs with a wide range of new responsibilities¹.

¹ Responsibilities included in the proposed ordinance include, to organize citizens' assemblies, public hearings, surveys and launch various initiatives; to obtain citizens' opinions on issues of significance for the municipality and local community government; to propose programs for construction of utility infrastructure; to participate in debates on cleaning, maintenance of green areas, parks, soccer fields and the like; to influence how municipal business space is used and placement of facilities for small businesses on developed and undeveloped construction land; to provide for infrastructure development (construction of roads, sidewalks, water supply systems, electric networks and other); and to organize elections for local community/city district bodies).

CRDA processes were not always harmonized with or integrated with local government processes (i.e., CRDA budget line in municipalities, mismatching with municipal budget cycles).

CRDA processes could be better harmonized with local government processes. In many cases, CRDA projects are not discussed during municipal public budget hearings because they were not prepared in time to be included in the formal budget. Municipalities have found a coping mechanism for getting around this dilemma. Many municipalities now include a CRDA “slush fund” of sorts in their budgets. This gives municipalities the flexibility of being able to co-fund CRDA projects once they have been presented to them. This is however far from an optimal solution for several reasons. First, this “CRDA line item” could easily end when the program ends, as it is not an institutionalized part of the budget. Second, from the citizen’s perspective, this is more likely to be seen as a ‘gift’ or special line item, rather than as local government fulfilling its expected role in community development.

Co-funding and increased interaction between CCs and local government stops short of a genuine partnership that could lead to more democratic local systems and processes.

Theoretically and as per the cooperative agreements, the CRDA model is supposed to have CCs working closely with local governments in identifying and acting upon community priorities. This principle works better in some AORs than others. In some AORs, partners have established working groups, groups made up of CC members and municipal officials. These working groups hash out the finer technical and logistical details of projects under consideration. In other AORs, the team found that the role of local governments in the CRDA process is not as close as it could be. But in some cases, there appeared to be a large number of local government officials in some CCs, which gave rise to the concern that they were no longer truly citizen committees.

The fact that municipalities have been cooperative in co-funding CRDA projects should not be confused with a well-functioning partnership between the municipalities and the CCs. As stated previously, CRDA projects are usually on the list of priorities municipalities have as well, although they may not be on the in the same order of preference. From a mayor’s point of view, he can have something in his municipality renovated or otherwise improved for cents on the dollar of what it would normally cost the municipality. Mayors probably also benefit politically by being able to claim at least partial credit for CRDA projects. Local governments can only benefit from CRDA projects. However, it is not an ideal model of cooperation between the CCs and the municipalities.

We present an example to illustrate the point made in the paragraph above. In one city, the team met with the mayor and asked him about the level of cooperation between his administration and the local CCs, specifically on the issue of the projects that had been identified by the CC. The mayor first diplomatically expressed his gratitude for the projects that CRDA had made possible. He then went on to explain that the CC had identified the renovation of the local sports stadium as its top priority. The mayor agreed that the sports stadium was in need of renovation but said that if it had been up to his administration, his top priority would have been the city’s maternity ward, which services an area larger than the city itself. Nonetheless, the mayor committed part of the municipal budget to the renovation of the sports stadium because, as explained before, it allowed him to improve the city’s infrastructure at a reduced cost, even if it was not his top priority. This example begs the question of whether or not the CC’s decision to renovate the sports stadium would have also

been the decision of the community-at-large. It would also have been interesting to know what the gender make-up of that particular CC was.

Ideally, individual discussion of CRDA projects would take place at municipal town hall meetings. Working groups would be formed to discuss the projects in greater detail, their impact on the municipalities' other plans and the correct sequencing of improvements. The municipalities' in-kind contributions for individual CRDA projects would be discussed during public budget hearings. The CRDA project approval cycle would be harmonized with the municipalities' budget hearing and approval cycle. In general, municipal and CC cooperation on CRDA projects would be institutionalized as a partnership.

The ability of citizens and community organizations to articulate demands to local and national government remains weak.

Harmonizing the program with local government decision-making and budgeting processes is important for another reason as well. Civil society programs such as CRDA can play an important role in strengthening the 'demand' from civil society on government. Currently, the CRDA line item in municipal budgets is a result of agreements with USAID implementing partners, which may indicate that there is little discussion or negotiation between CCs and local government. The role of CRDA CCs is not primarily an advocacy role, in which they lobby local government to meet the urgent needs of communities. Their 'demand', so to speak, is focused more on CRDA itself. Communities need to be encouraged to look more toward local government as a leading engine of local development and provider of basic services and infrastructure.

CRDA has made some progress in mobilizing citizens, helped them to articulate their needs and shown them how to approach local government. What is missing is the right kind of partnership between the CCs and the municipalities. The team believes that changes to the CRDA process could pay greater democracy dividends than it currently does. CRDA could better integrate the CCs into working with municipal governments who are after all the legitimately elected local leadership in Serbia and whose primary function is carrying out many of the types of public works projects CRDA currently carries out.

2.5 Related National Level Democracy and Governance Issues

The highest level of democratic change CRDA could hope to contribute to, in combination with other initiatives, is at the national level. To quote from USAID's Decentralization and Democratic Local Governance Handbook (p 16), "Strengthening democracy at the local level can strengthen democracy in a nation as a whole." Clearly, CRDA has not yet made significant inroads at this level. But in conjunction with other initiatives such as the SLGRP and the will of the national government to devolve meaningful fiscal, administrative and political power to municipalities, CRDA can play an important contributing role. A policy objective by the Serbian government to move closer to EU structures would also help because as a prerequisite to eventual Council of Europe membership, member countries must sign on to the European Charter on Local Self-Governance. CoE membership would bring Serbia one step closer to eventual EU membership, which has proven to be a powerful incentive for driving reforms in Eastern Europe.

Some obstacles to democratic decentralized local self-governance in Serbia were recently identified in the July 2004 Serbia Local Government Assessment and are mostly related to local government finances, their ability to tax, improvement of municipal services and devolution of property rights to municipal governments.

CRDA can also contribute to overall democratization by working with civil society to create a more engaged and politically active citizenry. As already discussed, CRDA has started to lay a foundation by mobilizing new community leaders and reaching out to ethnic minorities, but these initial gains have not yet been solidified.

It is important to understand and address constraints that exist at the national level which may affect the ability of CRDA and similar programs to achieve their goals. Local government may not be able to play an active role in local development, for example, without legislation allowing for increased resource allocation and decision-making authority. There are broader, national level constraints that may impact the ability of the program to reach its goals. For example, promoting inter-ethnic cooperation at the local level may be fighting against the wind if nationalist parties continue to agitate. Civil society organizations may continue to be weak in the absence of an NGO law that provides them with clear legal status. Local level democracy programming must take into account the national level constraints, and consider if supplementary democracy promotion activities are needed at the national level. For this reason, the team strongly recommends a full democracy and governance assessment be conducted, using the assessment framework developed by DCHA/DG.

SECTION THREE: IMPACTS OF CRDA'S FOUR PILLAR ACTIVITIES

The CRDA program consists of four pillars – civic participation, civil works, environment and income generating – within which community projects are funded. In order to ensure that projects types were properly coded in the Project Monitoring and Reporting System (PRS), USAID and the partners agreed on a set of guidelines the defined under which pillar certain projects would fall. For instance, roads, bridges and water distribution projects were all considered to fall within the civil works pillar and environmental awareness, wastewater systems and waste collection fell within the environment pillar.

Civic participation, environment and civil works activities were identified and prioritized through the community mobilization process organized by the individual partners. Only income generating projects seem to be uniquely identified outside of the community mobilization process. The exception here is ADF who did include some of their income generating activities as part of their community mobilization method.

The impact of the pillars varied but as already discussed, the CRDA program was overall effective at increasing citizen interaction. However, the impact of the individual activities was often difficult to identify. This was due in large part because the IRs in the Strategy differed from those included in the CRDA program, itself. This difference only came to light well into the assessment process as the initial information provided to the Team outlined the IRs included in the Strategy.

Trying to identify the impact of civil works projects was particularly difficult to reconcile as such projects clearly had living standard impacts but did not appear to directly contribute to the SO 2.1, a democracy objective. The primary impact of many, or most, of these pillar activities were improved living standards, while the democracy impact was clearly secondary.

3.1 Impact of CRDA's Civic Participation Pillar

Civic Participation (CP) pillar projects are supposed to “train leaders and facilitate the development of civil society (and) bring energy and confidence to communities” (CRDA

Website). By the time of the team's visit, CRDA has completed some 820 projects under the civic participation (CP) pillar.

Civic participation projects can make a particularly important contribution to the overall CRDA goals of increasing citizen participation and mobilizing communities in a sustainable fashion. This pillar is particularly important because civic participation is stimulated not only through the CRDA process for deciding and selecting projects but through the projects themselves. CP projects can do so by providing additional opportunities for community members to come together - opportunities which may continue even after the life of the CRDA program. Some of these, such as festivals, may be of more limited value because they provide a one-time event for community engagement. Others, such as community centers, might have a more lasting effect on civic participation by providing on-going opportunities for citizen engagement, interaction and collaboration. Sustaining the levels of community engagement and civil society activity initially sparked by CRDA is one of the challenges facing the program, and some types of civic participation projects can provide an effective means of doing so.

There is no question that many of the CP projects visited by the team appear to be contributing to the objectives of this pillar. The renovation of a community center in Drugi Oktobar provides an example of a civic participation project which may be expected to have a sustainable impact on citizen participation. The community center, known as the Agora Center, currently houses many civil society organizations and hosts many town meetings. The citizen's advisory committee fostered by ADF has now registered as an NGO and is hoping to raise funds locally and internationally to engage in activities to promote youth employment. In addition, a new NGO in the community 'Roma House' is being registered, and uses the Agora Center as a meeting place. AGRO-NET (a CRDA grantee) and the Association of Private Small and Medium Enterprises and Entrepreneurs are also housed there. This Center, therefore, is providing a space for ongoing grassroots civil society activity, which hopefully will continue beyond the life of the CRDA program.

However, an examination of the some 820 civic participation projects in the PRS raises some questions as to how these projects are defined and classified. Many of the projects under the civic participation pillar are heavily infrastructure oriented. If the objectives of the CP pillar are as mentioned at the beginning of this section, it is difficult to see how many such activities contribute to these objectives. A few of many examples pulled from the PRS follow below:

- Improvement of the street lights (supply and installation of 350 250W bulbs for street lights) (project code 03SPC06002)
- Mapping Gas Pipeline Network – “The project involved mapping of the existing pipeline in the town of Dolovo. The produced map is also made available electronically.” \$7,879 (project code 1-08-02-01)
- Construction of TV booster station in Kamenica: \$18,088.05 (project code 01KVR07003)
- Vet station improvement: \$17,294.56 (project code 22103)

There are also a large number of projects in the CP pillar that are health-related which fall under the CP pillar subcategory of “Health Services and Training”. While these kinds of projects belong in the CP pillar according to the way CRDA is designed, an outsider might wonder how such projects contribute to the CP pillar objective of “training leaders and

facilitating the development of civil society (and) bringing energy and confidence to communities”. Some examples include: “Medical equipment for cardiovascular ward of the Cuprija Health Center: \$29,500.00 (project code 03CUU01002); “Equipment for the Smederevska Palanka City Hospital Price”, \$40,264.49 (project code 02SPU02002); and “Autoclave for City Hospital”, \$7,485.00 (project code 01KGU04004).

There also seem to be many projects having to do specifically with reproductive health. It appears that a decision was made to classify the projects counting towards the Reproductive Health Earmark as belonging to the civic participation pillar. Unfortunately, this may be distorting the PRS because there are now a large number of projects labeled as civic participation which actually have nothing to do with civic participation and everything to do with reproductive health. Some examples follow:

- “Safer Love” (reproductive health education for elementary and secondary school students (project code VA/RH/202)
- Prevention of Malignant Breast and Women's Genital Organ Diseases
- Reproductive Health Counseling and Screening in Bajina Basta UE/RH/305 \$15,970.00

There are also many projects in which IT equipment was purchased for computer labs and internet cafes. Several team members visited sites that had been equipped with IT and could not help but notice that in many cases the PCs were being used by youths for gaming activities. We understand that PCs procured in CP projects are also supposed to be used for educational purposes. But to somebody that is not aware of that, the appearance of the impact of these projects might be less favorable.

One subcategory under CP projects is “Fairs and Festivals”. Thirty-two fairs or festivals have been funded by CRDA to date for a total cost of about \$400,000. The team is uncertain about how to measure the impact that such events may be contributing towards the SO or to the CP pillar objective. But the team is concerned that the high price tag for some of these events might make them difficult to justify. The following are some examples of festivals CRDA has funded: the Vojvodina Ethno Food and Music Festival: \$130,994 and Building Capacity of Exit Music Festival \$75,417.52 (project code 1-01-03-03).

The team notes that there may be a role for some small-scale fairs and festivals, if more closely tied to the program objectives, such as the objective of increasing inter-ethnic understanding and tolerance. For example, the PRS includes a project for a multiethnic village festival in North Backa (project code 1-02-01-03). The festival included the participation of 32 cultural groups, with a modest USAID contribution of \$3,549. This focus on cultural appreciation and ethnic diversity, with a reasonable cost, suggests that there are a range of activities that could be funded within this pillar that could contribute to CRDA's civic participation goals.

Overall, the team believes that the civic participation pillar has strong potential for contributing to the overall CRDA program objectives of increasing citizen participation and civic engagement. However, the projects funded within the pillar do not all seem to be encouraging civic participation. A clearer justification and definition of the types of activities that could be funded under this pillar might help make CRDA more effective.

3.2 Impact of CRDA's Civil Works Pillar

According to one of CRDA's August 2004 PRS reports there are some 1,108 civil works or infrastructure activities undertaken by the CRDA activity since it began in 2001. These projects are usually identified through the community committee process and many involved obtaining matching financial contributions or in-kind services from local government officials and community members. Infrastructure activities varied in scope and size. Some examples of infrastructure projects are:

- Paving (asphalting or graveling) of streets and sidewalks and street lighting
- Public address systems for schools
- Rehabilitation or construction of water sewage and/or potable water systems
- Rehabilitation or construction power supply systems or networks
- Development of computer centers for schools
- Renovation of medical clinics, public schools, kindergartens and boarding schools
- Primary school active learning project
- Procurement of a vehicle for transporting children and refugees
- Procurement of equipment (e.g. computers, back hoe, sterilizer, et al)

Findings

CRDA has been successful in improving the quality of life for many residents of communities throughout Serbia. Improvements in infrastructure have led to higher living standards for community members as a result of better access to clean drinking water, sanitation, the improvement of public buildings and schools, and communication services, among others. However, the team felt that the democracy and governance impact was limited to the process itself with any democracy and governance benefits ending with the completion of the project.

Communities did and continue to rank civil works projects as their highest priorities. This is most likely because of the general disrepair that many communities have undergone over the last several years due to overall economic decline and a lack of access to central government resources to repair or maintain community facilities. However, while the CRDA program allowed communities to address long overlooked community needs, CRDA is not intended to and cannot hope to address Serbia's vast infrastructure deficits. Even \$200m is only a small fraction of what would be needed to have a real impact on over ten years of deferred maintenance and NATO military degradation of Serbia's infrastructure.

Field discussions also suggest that because the civil works projects are the most visible and recognizable to community members, they were often key to getting more people involved in the CRDA process. Anecdotally when community members and local government officials were asked, "what was the role of CRDA?" or "which of the four pillars had been most successful?" the majority responded by and large with the civil works (infrastructure) pillar or by specifically highlighting a particular infrastructure project. The team also found that community members had become involved in the CRDA process either as a community committee member or just in a specific project because they had seen the benefits of similar projects.

Given their visibility and their living standard benefits, the civil works projects are likely to continue to be the most popular and readily (naturally) identified by communities participating in the CRDA activity. Their high visibility appears to be a factor that mobilizes community members to participate in the program.

3.3 Impact of CRDA's Environmental Pillar

The CRDA RFA called for "...community participation in mitigating negative environmental impacts of community projects and promoting interventions that ...can raise community awareness [of environmental issues] and mobilize public opinion to change government behavior..." At the time of this report, a CRDA PRS entry noted that there were approximately 370 environmental projects completed by CRDA's partners. All partners supported environmental infrastructure development as well as awareness raising environmental projects. Needs were identified through community mobilization process and improving environmental infrastructure was often sought. Projects undertaken included:

- Implementation of Earth Day, community clean-up, beautification and forestation programs
- Procurement of waste collection equipment (vehicles, dumpsters) and clean-up of illegal dump sites
- Reconstruction or the procurement of waste water treatment and water analysis equipment and flood control/prevention embankments
- Education programs (e.g. green schools and Eco Camps) and general public awareness and information (e.g. LEAP)
- Development of waste treatment and air and noise monitoring programs
- Provision of landscaping for a school

While all partners worked on waste water treatment, sewage system improvement, cleaning of parks and riverbeds, providing equipment such as bins and vehicles for garbage collection, some placed greater emphasis to bring immediate improvement in the quality of life over citizen interaction. In terms of awareness rising, certain programs such as Green Schools and Earth Day celebrations stand out.

Findings

Overall, the team felt that the environmental activities seemed to have had greater impact on creating real civic participation than at least some of the activities listed as "civic participation." There were numerous examples of community members coming together to clean up their communities and riverbeds with some of these initiatives coming independently of CRDA resources and programming.

The environmental pillar also actively engaged local NGOs in the process. This on-going partnership between CCs and CSOs is a positive development and future programming should continue to encourage it.

Earth Day programs were particularly effective at drawing together communities towards a common cause and raising environmental awareness. For example, Earth Day activities in the Vojvodina area yielded strong collaboration between CRDA, community committees, mayors and provincial authorities that resulted in some 107,000 citizens in 43 Vojvodina municipalities coming together in voluntary efforts to improve their environment in 2003. The success of the Earth Day activities have led citizens in many communities to vote Earth Day actions as a high priority at annual open citizen meetings. While other environmental programs like CHF's Green School program was effective at both drawing youth into the CRDA process and promoting environmental awareness and activism of future generations.

CRDA significantly raised public awareness of environmental concerns. More importantly, though, there was some anecdotal information to suggest that community practices towards environmental problems (e.g. clean-up of waterbeds, closure and clean-up of illegal dump

sites, etc) were changing for the better and there was a new awareness to the hazards that improper dumping and treatment of water, sewage and chemicals can have on the health of the population. The team recognizes that this was an important undertaking transforming years of environmental neglect and improving environmental knowledge.

With that said, any significant environmental infrastructure projects are often too expensive and require a great deal of co-funding as well as cooperation with the local authorities to obtain permits and to fit them into larger development plans of the municipality or private industry. This poses a barrier to the implementation as it is difficult for the communities to find resources. When these barriers can be surmounted, these projects often address community's top priority.

3.4 Impact of CRDA's Income Generation/Economic Growth Pillar

Please see the Comparative Analysis of Partner Approaches (Section 4) for a discussion of the impacts of this pillar.

SECTION FOUR: A COMPARATIVE ANALYSIS OF IMPLEMENTING PARTNER APPROACHES

CRDA is an unusual project in that it has five implementing partners using somewhat different approaches in one country to meet the same requirements as defined by USAID. This provides a unique opportunity for comparative analysis and identification of lessons learned.

Going into this assessment and knowing that a component of it was a comparative analysis of the five different approaches, the team assumed that there were going to be five fundamentally or at least substantially different methodologies. But early on, the team found that the partners' approaches, with the exception of the Income Generation Pillar, were generally far more alike than they were different. In fact, the approaches were so similar that we questioned the value of trying to make any significant distinctions between them at all without splitting hairs. All partners organized around a community committee and used a participatory process to involve a large number of citizens in decision-making. All encouraged or required a certain level of diversity (women, youth, and minorities) on committees, as requested by USAID. Once the CRDA process was under way, communities in all areas of responsibility developed similar projects, both due to similar needs and to the evolving focus of the program. Even where methodologies may have varied somewhat, they may not have had a major impact on the outcome. Having said that, we did attempt to identify differences and explain how they may have affected outcomes in the following paragraphs.

While the approaches were fairly similar, a few differences may have produced nuanced variations among the different programs. An examination of these differences yields insights into best practices, and shows that relatively small differences can change a program's focus and target. This section discusses the following five areas in which significant differences were seen in the approaches adopted by implementing partners:

1. differences in the design of the CRDA process and community selection resulted in programs with impacts that differed in breadth and depth;
2. variations in approaches to involving local officials in CRDA;
3. differences in project management, including the amount of co-funding required by partners, varied and impacted the relationships with communities;

4. population targeting techniques differed with some partners using a variety of means to involve youth in the CRDA process and projects; and
5. strategies for the income generation pillar activities varied significantly.

The approaches that partners took to defining communities and implementing CRDA were the most significant difference the team found in the program. All partners were required to establish committees in 60 communities and implement 60 projects in the first 90 days of the program. They were required to average 25% in co-funding contributions from the communities over the life of the project. All partners were required to integrate all adult age groups, genders and ethnic groups into the process. Finally, they were required to establish a participatory process for project planning and selection to support S.O. 2.1 “increase citizen involvement in political and economic decision-making.” Based on these general requirements, the partners developed five similar, but not identical, approaches to the CRDA program.

Agricultural Cooperatives Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) – Central Serbia

ACDI/VOCA worked initially with 10 municipalities and has now expanded to 22. It divided the population of those municipalities by 60, and then formed 60 new ‘communities’ into rural and urban community boards. CRDA communities in ACDI/VOCA’s AOR are approximately 15,000 to 20,000 inhabitants. The rationale for their approach was that basing their communities on population would allow all citizens equal access to the program based on their desire to participate. Cluster projects involved at least two community boards, and focused on a thematic project that was generally larger. ACDI/VOCA started out with the basic 25% co-funding requirement, but as time went on they found that they had greater buy-in and success with projects when the communities contributed more and now average around 40% community contribution. ACDI/VOCA tended to require cash contributions from communities, rather than in-kind, as cash was easier to account for.

America’s Development Fund (ADF) – Vojvodina (North Serbia)

ADF initially selected municipalities as candidates for CRDA based on their number of inhabitants and their economic potential. They wanted to include a diversity of community sizes and to bring both rural and urban communities into the program. They then invited communities in these municipalities to apply to participate in the project. Communities were evaluated based on questionnaires that determined whether they represented all of the major ethnic groups, had strong economic potential, and had the political will to participate. ADF selected 60 communities in the first 90 days, and has now expanded to over 70 communities. Communities varied in size from quite small (approximately 600 people) to larger communities (up to 9000 people). Communities were defined based on the MZ administrative boundaries. ADF chose to work within the MZ boundaries in order to strengthen the grassroots level of administration in Serbia. ADF expanded more into cluster committees over time, as the clusters made it possible to include all communities. Clusters were defined both along geographic boundaries and around thematic issues. ADF initially required the basic 25% co-funding in the cooperative agreement but has averaged 47% co-funding from communities over the life of the project. ADF focused on smaller projects because they have one of the largest populations in their region and they argue that many small projects will bring more democratic impact in terms of citizen participation.

Cooperative Housing Foundation (CHF) – Southeast Serbia

CHF worked at the MZ level in several municipalities. Municipalities were asked to nominate communities they thought would best fit CRDA. These communities were then asked to apply to CHF, which conducted its own independent evaluation of the communities. Rather than gradually expand beyond the initial 60 communities, CHF implemented its program in two parts. The initial round of selected communities had three years ('1000 days') to develop proposals and implement projects. These communities then graduated at the end of three years and new communities were selected for the second round. Upon graduation, the most successful communities are eligible for one post-graduation project upon submission of a long-term development plan and are used as trainers for new communities. CHF is now working in all municipalities. In the second round, CHF is only working with communities of 1000 inhabitants or more, as smaller communities lacked the capacity to participate fully in CRDA. CHF's approach to clusters changed over the course of the program. Initially clusters were set up geographically but over time CHF found that clusters were more successful when organized around common interests or themes. CHF required initial community contributions of 25% but over the 1000 days, they gradually raised the co-funding requirement to 30%, and then 50%. The rationale was that communities can generally contribute more than 25%, and greater contributions allowed CHF to fund more projects and work in more communities.

International Relief and Development (IRD) – West Serbia

IRD's area of responsibility covers 14 municipalities in Western Serbia with the 14th municipality only added in July 2004. IRD divides their activities into three general programmatic areas: Economic Revitalization, Social and Health Education and Infrastructure. Working through IRD's own community mobilization team and 14 CRDA community facilitations, many of whom are affiliated with local NGO partners, IRD introduced the CRDA program and collected community profiles of 24 municipalities in 2004 before selecting the initial 13 municipalities.

In the first two years of the project, IRD went to municipalities and asked them to select communities based on economic potential, need, initiative, and a broad representation of citizens on community committees. Communities were approximately 12-14,000 people and were defined in a number of ways. Some communities were defined by geographic or administrative boundaries but larger towns would often form several committees around issues. IRD generally focused on the municipality level with self-selecting communities. The initial committees were formed primarily of private citizens and were stand-alone groups. In the third year, IRD started to form working groups at the municipality level which are drawn from community committees, local government officials, and business leaders. Working groups are organized around specific topics such as economics, health and infrastructure. IRD is working to formalize these working groups to be permanent citizen advisory boards working on specific issues. IRD required the basic 25% co-funding and averaged approximately 35% contributions.

Mercy Corps International (MCI) – Southwest Serbia

MCI's initial approach was to ask all municipalities in their region to identify priority communities, leading the 60 communities defined on the MZ level in all MCI municipalities. In the second year of the program, the process changed because of concerns about whether all citizens had equal access to the program, whether working in only 60 communities resulted in distortions in municipal budget allocation and whether the program was perceived as less transparent because other communities could not participate. These concerns led MCI to switch to a cluster model in which all communities were grouped into geographic clusters.

Individual communities nominated projects to a cluster community board with representation from each community. This change both opened the process to all communities and made the process more competitive. To preserve CRDA's involvement of smaller special interest projects (\$3000-\$5000), MCI instituted community fairs where organizations could propose projects and citizens could come and vote on the projects in person. MCI requests the minimum co-funding from participants, and generally caps their contribution at around \$50,000. This cap results in larger contributions when communities want larger projects.

4.1 Defining Communities: Breadth vs. Depth

As the review of the approaches to implementing CRDA indicates, there was a considerable amount of variation in how the partners defined communities, the length of their processes, and the flexibility of their processes.

a) Community Definition

The community is the basic operating unit in CRDA. The community committees (CCs) assess the needs of the community, help the community generate ideas and sets priorities for community proposals. All partners started their process by approaching the municipalities to help them select the communities in which they worked to set up CCs. At this point the processes begin to diverge. Mercy Corps, CHF and ADF initially worked for the most part with individual communities, as defined by the administrative boundaries of an MZ. ACDI/VOCA chose to group MZs into larger communities in order to ensure equal access to the program. IRD and ADF had the most flexible approach to community definition, with CCs formed based on administrative and geographic boundaries, as well as around issues.

As time went on, Mercy Corps and ADF began emphasizing cluster committees (formed by two or more MZ level committees), as this approach allowed them to work in all communities and addressed perceptions that the program was unfair because it only worked in certain communities. CHF also works on cluster projects, but the majority of its projects are still on the community level. The shift to cluster projects generally resulted in larger projects at a cluster level, as opposed to the smaller projects done at a community level. Mercy Corps addressed this change by continuing to fund the smaller projects selected through community fairs. This dual approach allowed Mercy Corps to preserve some of the depth of their civic participation at a local level, while expanding the program to all communities.

The size of the community has an impact on the depth of civic participation fostered through the CRDA process and projects. A large community may have more individual people involved in the prioritization, selection and monitoring of projects, but a smaller community might have a larger percent of the community involved. For example, in one small community visited under the assessment, CC members decided to build a school as one of their CRDA projects. CC members said that not only were people involved in the project selection process but community members stopped by the construction site everyday to check on the progress of the project and make sure everything was going well. The project was visible because it was in the center of a small community and most community members were aware of it. The percentage of the community involved in this process was very high, much higher than would be seen in a larger community.

Community groups formed from multiple MZs may have less depth of participation but are likely to represent a wider range of groups and interests. Communities have to work together to develop the proposals and cooperate with the municipalities. This cooperation helps to

identify common needs and ways to address them. While the depth of participation gained by working in one community may not be achieved, more people will have access to the program.

Several partners expressed concerns that working only in selected communities led to perceptions that the program was not fair or transparent. These concerns are valid on a program of CRDA's size and prominence. In AORs where all communities were not selected for participation, team members heard of communities that complained because they were not participants or who organized themselves along CRDA lines in the hope of gaining access to the program.

b) Length of Process

Most partners are working in all communities for the length of the CRDA project. CHF is the only exception to this rule. It works in communities for 1000 days, and then "graduates" them out of CRDA and starts with a new group. This process will allow for two groups of communities to move through CRDA over the five years of the program. The first group is graduating in September, 2004, and the second group started the process in July, 2004.

The communities that are currently concluding their participation in CRDA will be important sources of information for all partners on what happens when CRDA ends. CHF will continue to work with the most successful communities by using them as resources for the new communities. The advantage of this approach is that communities have known from the start that they have a limited amount of time in CRDA and that CHF plans to monitor graduated communities after the program officially ends. CCs are seen as incubators for future leaders, but are not necessarily meant to continue (nor should they) as formal institutions after CRDA ends. Most CCs are not planning to continue as NGOs or as official advisory bodies. CHF will be able to monitor what happens to the CC members as time goes on and whether they find other spaces in which to participate in political and economic decision-making.

c) Flexibility of Process

All of the partners have been flexible in terms of improving their programs, as well as adapting to changing priorities from USAID. However, in terms of implementation style, partner organizations could be placed on a spectrum from a flexible to more structured approach. For example, partners had different levels of organizational guidelines that impacted how the CCs saw themselves. ACDI/VOCA had a rigorous set of by-laws and regulations for CCs that required a great deal of training. On the other hand, ADF and IRD had much more open and flexible approaches to CC formation and definition. Possibly as a result of the rules of the process, CCs in ACDI/VOCA's region seem most inclined to become NGOs once CRDA ends.

4.2 Involvement of Local Government

a) Municipalities' Role in CRDA: Funding and Partnership

The primary role of municipalities in all of the partners' AORs was to provide a source of co-funding for CRDA projects. In most AORs, municipalities had little or no representation on CCs (in some extreme cases, municipal officials seemed to dominate the CCs to the point where they were no longer really civic institutions). CCs were responsible for developing project proposals with the assistance of community mobilizers and technical experts provided by the partners. These proposals were then taken to municipalities for funding and permits. Municipalities often complained that these requests were out of sync with their planning

cycles and that it made it difficult for them to take advantage of the opportunities that CRDA provided. Several partners have begun to take steps to remedy that situation and to bring CRDA more in line with municipal budget cycles.

IRD is the exception to this rule, as they are gradually transforming their CCs from CRDA-based organizations to permanent working groups at the municipal level. Thus their CCs have evolved to include more municipal officials. Several partners have also brought municipal officials onto committees on cluster level projects. It could be suggested, however, that civil society CCs should be encouraged to work closely with local government, but should not be 'merged' with local government. The potential for cooptation remains high.

As a positive example, we can point to developments in ACDI/VOCA's region where some municipalities appointed officials to be liaisons with the CCs. In some of the communities visited in CHF and MC's AOR, municipal officials from executive boards and departments of urban planning attended CC meetings, indicating a closer level of cooperation.

b) Communities Relationships with Municipalities

Cooperation between municipal officials and CC members is essential for CRDA projects to succeed. To a large extent, the health of the relationship between the municipality and the community was outside of the partners' control. Most communities had a good relationship with municipalities and were able to access some level of co-funding. In some AORs, municipalities typically provided all of the co-funding. In others, the co-funding was typically divided between the municipality and private cash or in-kind contributions from the community. However, in a few communities it was clear that political or other differences were impacting the CCs ability to effectively implement their action plans. Implementers can try to help smooth the relationship but their impact in this realm is bound to be limited by the history of the relationship. These communities are important to watch as they may be more vulnerable to political, economic and societal stresses. Implementers should consider designing specific programming for such communities and municipalities to ensure that all communities have equal access to the municipality.

2.3 Project Management

Each partner naturally has differences in how they manage their program and implement their CRDA process. The team generally was impressed at the efficiency, transparency, and quality of the work done by all five partners. While each organization clearly has cultural and management differences, the team found only three significant strategic differences in project management; project competition, post CRDA planning and their approach towards youth.

a) Competition

As CRDA has developed and as partners have tended to move towards cluster projects, there has been a marked shift from funding most technically sound projects to a more competitive process. One of the strong advantages the team saw in moving towards a cluster approach was that it made the process more competitive. Working in a limited number of communities runs the risk of making CRDA funding seem like an entitlement. Cluster projects from larger areas resulted in more competition for scarce funds. This competition had two positive results. First, it stimulated communities to work together to produce the best proposals. Second, it reduced the threat of donor dependency and of CRDA seeming like a right rather than a one-time project. ACDI/VOCA uses a competitive approach for all projects. The CCs propose three projects in each annual cycle. ACDI/VOCA tries to fund one project in each

community but funding is not guaranteed. Mercy Corps instituted a more competitive approach after their first year because of the impression that communities were coming to view CRDA as an entitlement. The one drawback of a more competitive approach was that communities did not always understand why their proposals were not accepted. One partner dealt with this by providing written explanations of why proposals were not accepted.

b) Post-CRDA Planning

As stated above, CCs in each AOR have distinct images of what will happen to them in a post-CRDA world. Many CCs in ACIDI/VOCA's region are planning on forming NGOs to continue their work. In IRD's AOR, the partner is encouraging the CCs to work with municipalities to form permanent working groups on a variety of municipal issues. In CHF's AOR, part of their graduation process is putting the CCs in touch with national and international donors so they can continue to fund projects once CRDA ceases. Several CC members the team met during the assessment are planning to run for public office. Implementers should closely watch what happens to the communities in CHF's AOR, as they are finishing CRDA earlier than in the other regions. There will be many lessons to learn from what happens in the successful and unsuccessful communities to help the partners prepare the CCs for the end of CRDA. Concrete graduation processes that help the CCs think through their role post-CRDA will help sustain the impact of the program and create space for civic participation after it ends.

2.4 Youth

CRDA partners engaged youth in two ways; it funded projects that benefited young people and worked to integrate youth into the CRDA decision-making process. Communities across Serbia identified schools, kindergartens, playgrounds, and sport fields as significant needs for the youth. Communities asked for support for youth sport teams or activities, internet centers, youth clubs, and community centers to provide spaces for young people to develop their skills and maintain hobbies. Implementers also helped communities develop innovative program beyond infrastructure and community centers. For example, the Junior Achievement program and reproductive health campaign geared toward high school students were developed by the partner and presented to the community as a program option.

While these programs were identified directly by the communities, some partners searched for ways for the youth to be not only the beneficiaries of CRDA projects but also to actively engage them in the process. CHF targeted the inclusion of youth activism on the CCs. ACIDI/VOCA's internal earmark for youth established Youth Task Force Teams, similar to CCs, to generate ideas. These programs insured that youth had a role in the decision-making process and began to engage them in thinking about problem-solving for their community. The team felt that this engagement, beyond a project-oriented focus on youth, was especially useful now that youth are reportedly feeling more alienated from society in Serbia.

2.4 Income Generation Activities

The following section contains both a comparative description of the partners' approaches to the IG activities and an analysis of their impact in terms of S.O. 2.1. The differences between the partners' approaches to the income generation pillar are sufficient to merit comparative discussion, and stand apart from activities in the other pillars. The kinds of income generation activities found under CRDA are not typical for a traditional democracy and governance program. This difference was recognized by most partners in the form of relatively separate programming for IG activities. The section starts by describing each of

the partners' approaches, then discusses the general impact of the different approaches, and finally looks at the democracy impact of the income generation activities.

a) Description of Implementer IG approaches

ACDI/VOCA

In ACDI/VOCA's AOR, IG activities were initially the least developed part of the program. Rural communities were the only ones proposing income generation activities. The proposals were generally tied to improving agriculture in the region, not grants to individual private businesses. Communities that identified improvement of local agriculture as a need worked with ACDI/VOCA's agricultural officer to determine what kinds of programs may be developed. The agricultural cooperatives that received funding were required to provide some kind of social payback to the community, such as giving livestock to needy families from animals purchased with grants under the program. The IDP/Refugee earmark shifted funds into employment programs in urban areas. Community boards approved participation in the employment projects, and ACDI/VOCA organized groups of local NGOs to evaluate proposals from individual IDPs/Refugees for grants up to \$1,500 (415 grants were awarded). After the first round of small grants, ACDI/VOCA did a second round where 29 most successful small businesses developed by the IDPs and refugees could apply for a second grant of \$3,000-\$4,000 to expand their business. They were also put in touch with Opportunity International to access credit, as well as other micro development funds. ACDI/VOCA is now starting a small grants program with grants up to \$3,000 for the general community to develop small businesses. Businesses must already be registered to apply.

America's Development Foundation

In ADF's AOR, all IG projects are developed by the community committees. CCs hold a town hall meeting to collect ideas and the committee develops the ideas into proposals. ADF's IG staff does research on the assets of the community and municipality to determine their comparative advantage and develop ideas. The ideas of the community and of ADF's staff are compared and the CC assesses the proposals economic impact as well as feasibility. In ADF's region, income generation programs focused on agricultural cooperative and associations. In addition to providing grants to the associations, ADF helps put them in touch with financial institutions to organize greater access to credit. ADF currently does not have a social payback component to the income generation grants but is planning on establishing one in the next year. ADF also works to strengthen the capacity of SME service providers, including the Chamber of Commerce.

Cooperative Housing Foundation

CHF's income generation programs are market driven due to CHF's assessment that the communities may not be best informed and community meetings might not be the best forum to make decisions about profitable investments. CHF activities have four parts. The first part centers on a public works program with CCs making decisions on all aspects of these programs, including focusing employment on the least well-off members of the community. Committee members and their families were not allowed to participate in these employment programs. The second part is the Kick Start Program with workshops held in the community to gather applications for small grants of \$500. The applications are evaluated and approved by CHF after their business merit is determined. The grants are made upon presentation of receipts for the equipment to be purchased under them. The third part of CHF's program is the Sustainable Business Development program tied to the communities through social payback. Proposals are solicited through the local media, although CCs are encouraged to advertise the program. Proposals do not have to be from CRDA communities. Businesses can

receive grants of up to \$25,000. Grants must have a matching investment from the business owner and grants of over \$10,000 must have matching credit. These grants are approved by CHF's technical committee. Once a grant proposal is approved, CHF, the grantee, and the designated recipient of the social payback sign a contract detailing the social payback. The recipient serves as an interested party that monitors the payback by the business to the community under the terms of the contract. The final part of CHF's program is the Enabling Economic Environment program bringing a group of business people from a municipality to work on making the municipality attractive to investment. Business groups develop materials to advertise the municipality and to solicit projects that have a broad impact, like livestock and produce markets, and developing entrepreneurs associations.

International Relief and Development

Based upon data collected on regionally available agricultural and economic opportunities, IRD's economic revitalization (ER) activities provide grants, information and advisory services for private farmers, small businesses, and entrepreneurs. ER programs are divided into five components: a public works program which supports economic infrastructure; farm and small business micro-grants to refugees, IDPs and other vulnerable groups; rural cooperative development and assistance programs; small and medium enterprise assistance; and grantee training programs. After IRD found that six of the 47 cooperatives they funded were not advancing as expected, they required that future cooperatives must have had active bank accounts for more than one year and be able to provide yearly financial statements prior to providing grant assistance. IRD established working groups to review the economic projects, but IRD analyzes them for economic viability, and makes the final choices for the projects. A social payback component is required, and is monitored by CCs.

Mercy Corps

Mercy Corps partnered with Deloitte & Touche Tohmatsu to develop their economic approach. The consultants determined that investment in agriculture would maximize community employment, and studied production profiles to determine the AOR's comparative advantages. Livestock and fruit (including non-timber forest products) were selected as two sectors with the greatest advantage. Businesses can apply for grants up to \$50,000 (larger grants are given on case-to-case basis). Municipalities elected agribusiness representatives to join a sector working group of businesses, owners, and specialists elected by the CCs who partnered with Mercy Corps in evaluating the requests for assistance. These working groups have 50% of the voting power in evaluating the proposals and Mercy Corps has the other 50%. Members are not allowed to rank any business they have relationships with. Mercy Corps' economic team does due diligence on the prioritized proposals following a model of a bank evaluating a business for a loan. Mercy Corps asks for social payback as a part of the grant application and the payback requirements are included into the contract for the grant. If the payback is not completed, Mercy Corps has the right of recall on all materials given under the grant.

b) Comparative Analysis Findings

As has been stated previously in this report, this team primarily focused on evaluating CRDA in terms of the democracy impact under S.O. 2.1. The team did not conduct a systematic evaluation of the income generation pillar in terms of the number of jobs created, or other economic impact indicators. That said, the research done by the team did lead to findings related to the S.O. and provided a base for forming some general impressions about the effectiveness of the partners' approaches resulting in economic growth. The following

section includes a comparative analysis of the partners' IG programs, and an analysis of the impacts of the pillar as a whole.

There were two major findings from the comparative analysis of the IG programs. The first is that the more focused, more strategically designed IG programs appear to have the potential for greater impact than those selected as part of the community based CRDA process. The second is that some partners have come up with effective and creative ways to link the income generation programs back to the community when projects are not selected through CRDA participatory process.

Mercy Corps, IRD and CHF in particular have separated their IG pillar activities markedly from their other CRDA activities. These programs are different because the proposals are not developed in the CCs, but are submitted by prospective grantees to the partner, or in Mercy Corps' case, to the partner and working group developed specifically to review IG proposals. These programs also have separate procedures for processing the grant proposals designed to ensure transparency and good business practice.

ADF has adopted what appears to be a mixed approach. Income generation projects are often selected through the normal community selection process. In addition, however, ADF works to strengthen the capacity of SME service providers. In addition, ADF engages in extensive outreach to financial organizations and works to increase access to credit for agricultural cooperatives and SMEs.

Separating the IG pillar appears to have two positive impacts. First, having a development plan based on rigorous economic analysis (as is the case in the Mercy Corps region) targets assistance toward specific regional needs. Second, it brings focus to the economic benefits of the projects and helps to channel them back the community through social payback.

Mercy Corps has designed its program based on what appears to be a rigorous economic analysis of the region in which it operates. Their program was the most distinct from the general CRDA process of all of the partners. This separation appeared to have two positive impacts. First, it resulted in a clear set of rules that were separate from the general CRDA process and helped remove the specter of corruption from the process. Second, it allowed Mercy Corps to focus on the economic impact of the projects and link them back to the community through social payback and their working group, rather than through the normal CRDA process.

Implementers recognized that the IG programs were more difficult to link back to the community directly, and worked to create these links in a number of creative ways. The most common way to link the IG activities to the community was through social payback. The best approaches the team saw to social payback involved formal contracts between the partners, beneficiaries and payback recipients that introduced a degree of self-monitoring to the payback component. However, the team did not see documentation of cases where the partners had acted to enforce the terms of these contracts and would encourage partners to document any such cases in the future. In AORs where there were not such contracts in place, the team saw IG projects where grant recipients had never followed through on their promised social payback. Specifically, the team saw one project where a newly formed cooperative received a grant to purchase 66 calves. As a part of the grant, the cooperative, in addition to their in-kind contribution, was supposed to hire 20 Roma seasonal workers and donate new calf stock to cooperative members. When asked if the Roma were hired, the

cooperative reported that they had not been hired during the first year, and were unlikely to be hired during the second year because the jobs would go to family members of the cooperative. Thus the 'social payback' component of the grant benefited members of the cooperative, not the community. Social payback components are an important way to link the projects back to the community, but they must be rigorous and have monitoring mechanisms and right of recall built in to guarantee that the payback is made.

Implementers also came up with creative measures to integrate the community into the decision-making process and to prevent any appearance of impropriety by, for example, CCs members acting in their own interest and endorsing projects that would benefit them. These measures included using NGOs to help make decisions on small grants to IDPs, and sharing the decision-making power on large grants to businesses with a screened working group that had agreed sign to conflict of interest statements. Implementers also worked to integrate local business leaders and other community members into working groups and associations helping to increase the attractiveness of the community to investment, creating a space for citizen participation in economic decision-making. As long as proper measures to ensure transparency are in place, these efforts to link the community to the IG projects and economic development in their region are good ways to bring the community into public economic decision-making.

c) Impact of IG Pillar

During the site visits, the team saw positive impacts from the income generation activities in terms of jobs created and income generated. However, it was evident to the team that CRDA is not the optimal mechanism for income generating activities. First, CRDA is designed to be a community development program, not a robust economic development program. Second, the introduction of income generation activities into CRDA could introduce distortions into the democracy impact this program has through the other pillars.

CRDA is a community development program with civil society objectives. Its goal is to increase citizen participation in political and economic decision making in Serbia. The partners designed their overall approaches with that goal in mind. The partners designed the program for citizens to learn how to identify and solve their own problems and how to work with local government. CRDA purpose is to promote community revitalization. While private enterprise development and income generation activities may be a part of the community revitalization, the team argues that a program designed to be primarily a community-based development and civil society building is unlikely to foster the best economic development program possible, and that the introduction of an economic component into a civil society program may detract from the impact of that program.

The most economically-sound approaches the team saw in CRDA were ones most removed from CRDA's primary participatory process. Separating economic programs from direct community decision-making enabled partners to take into account the larger regional and national context, which might have been lost had decisions been made at the community level.

Separating the IG pillar also increased transparency. In AORs where the IG pillar was more incorporated into the community decision-making process, the team saw cases of income generation projects that benefited CC members. While these projects may indeed have been in the best interest of their communities, the team was concerned about the potential appearance of self-interest on the part of the CC members. This potential conflict of interest

is particularly acute in the income generation pillar because beneficiaries receive direct economic benefits from CRDA projects.

At the same time, in AORs where large grants were provided to businesses, the team was concerned about potential distortion to the local credit environment. While these grants were provided in areas where local businesses had difficulty accessing credit and, as the team was assured, made after a rigorous analysis to ensure that they were not crowding out local credit markets, the grants are substantial enough to serve as a deterrent to financial institutions to move into these markets. Future economic assessment teams should examine this question closely when analyzing CRDA's economic impact. It may be that economic development programs should focus more on advocacy for better financial legislation and on drawing financial institutions to untapped markets rather than replacing them with grants.

SECTION FIVE: THE IMPACTS OF EARMARKS AND OTHER FOREIGN POLICY OBJECTIVES ON CRDA

CRDA has been subject to a \$1.5m reproductive health earmark, an IDP and refugee earmark and a directive by the Ambassador to focus more on economic growth and income-generating projects. These earmarks and other foreign policy objectives may have posed somewhat of a contradiction to the CRDA concept of community choice. On one hand, CRDA has emphasized the importance of citizens identifying priorities in their community. But on the other, earmarks and other sundry pushes have in fact limited these choices by “guiding” communities and creating the “demand” to make the choices that would satisfy this or that agenda. For example, after a directive to the partners to focus more on income generating projects, partners can now point to charts showing sharp spikes in the number of IG projects undertaken, an increase that has come at the expense of projects in the other pillar areas.

Some partners and some CCs reported that earmarks and other initiatives had been somewhat disruptive to CRDA. They also reported that the unpredictability and arbitrariness of various emphasis areas was frustrating. One partner stated that Serbian citizens were sophisticated people and that they understood political directives such as earmarks and that CRDA just needed to be more transparent about what kind of projects were currently being favored by the donor. One CC member just wanted to know what kind of projects were being sought that year so that the CC could focus on those kind projects and not waste time considering other areas. CRDA would probably benefit by simply having better communication in place in explaining to all involved parties certain realities of USG assistance.

5.1 Reproductive Health Earmark

One of the questions asked during all interviews with partners, CCs and others was on the impact of these various earmarks and other priorities. In the case of the Reproductive Health Earmark, the responses were mixed.

- A Mercy Corp field engineer stated that the push for reproductive health projects caused substantial retooling of established procedures. However, the Mercy Corps Belgrade office reported that it did not find the Health Earmarks burdensome, possibly suggesting poor communication or differing viewpoints between the field office and the Belgrade office.
- Several partners pointed out that the Reproductive Health Earmark has not been disruptive because they had completed many health projects before the Earmark because people were already interested in health issues. This statement is difficult to understand because the Reproductive Health Earmark calls for very specific types of project, not just any kind of health project.

- Prior to the Reproductive Health Earmark, communities tended to opt for health-related equipment. Part of the Earmark included education and not just a focus on equipment and health infrastructure. Some partners felt that the education component introduced a more sustainable approach to health management.
- CHF reported that the Health Earmark caused them to have to retool and to “educate people” so that they would make choices that helped satisfy the Reproductive Health Earmark.

5.2 IDP/Refugees Earmark

The IDP/Refugee Earmark was reportedly more problematic for some partners. The requirement that 70% of beneficiaries had to be IDPs or refugees required a shift in well-established CRDA processes. For some, finding projects where 70% of the beneficiaries would be IDPs/refugees was difficult. The team felt that the danger of having projects that specifically target IDPs and refugees is that it may hamper their integration in local populations. As pointed out in the Community Mobilization Conflict Assessment, the practice or even the appearance of favoring any minorities can backfire by causing resentment.

SECTION SIX: RECOMMENDATIONS

The section is organized into recommendations for an ongoing program and recommendations for the post-CRDA timeframe. In summary of the recommendations we make for the ongoing program, we propose that in the time remaining in CRDA, the program be tied much closer to municipal governments, preparations be made to ramp CRDA down from its currently high levels of funding to what will become a more modest budget and finally, to put CRDA under management of the Mission’s DG Office where we believe more attention will be paid to the DG impacts and to better link CRDA to other DG activities. Further recommendations regarding the use of CRDA as an income-generating activity are in Appendix C - CRDA and the Income Generating Pillar on page 60.

6.1 Recommendations for the Ongoing Program

a) Integrate and harmonize the work of the CCs with that of the municipal governments.

The team recognizes that CRDA was designed as a civil society program, not a local government program. However, better integration with local government can help citizens become more deeply involved in political and economic decision making within their own communities, CRDA’s strategic objective. Municipal governments have not been adequately involved with the CRDA CCs. Too often, their only involvement is providing in-kind contributions and the necessary permits. Cooperation between the CCs and the municipal governments should be institutionalized in every step of the CRDA process because in the future, it is the local officials and their budgets that citizens are going to be dealing with, not donors, CRDA partners and a \$200m budget.

Programmatic options:

- ***Synchronize the municipal budget cycle with the CRDA project approval cycle***
Municipalities should be able to plan their contributions to CRDA projects into the municipal budget in an orderly fashion. Some partners have already begun to synchronize their cycles with municipalities. This synchronization should be standard and mandatory for all partners in all AORs. This would allow municipalities to be able to discuss their contribution to CRDA projects during the public budget hearings. It would also allow them to do away with the CRDA “slush fund” line item and plan for their CRDA expenses in an orderly manner. Moreover, this provides a useful

lesson for citizens. If citizens don't understand how co-funding fits into the municipal budget, they will perceive it as a 'gift', rather than as a normal and expected local government investment in communities.

- ***Improve the coordination of CRDA “town hall” meetings MZ and municipal town hall meetings.*** Encouraging CCs to hold “town hall” meetings to decide on community priorities and backing them with a \$200m budget to follow through sidelines the legitimately elected local government at both the MZ and the municipal level. Improving the coordination of the CC meetings with those of the MZs and the municipalities’ town hall meetings would go a long way to getting citizens involved in *meaningful* political decision-making at the local level.
- ***Require municipalities to adopt the MZ ordinance and work closer with the MZs.*** MZs are potentially an ideal conduit between the population and the municipal government. Instead of CRDA creating its own MZs in the form of CCs, the CRDA partners might consider requiring municipalities to adopt the draft MZ ordinance and to then work much closer with the MZs. Mercy Corp is already planning on experimenting with a “MZ as CC” approach.

b) Take steps to wean CRDA communities off of program funds.

CRDA’s project-driven approach has created communities mobilized around the rapid development and completion of projects. There is a real risk that the number of projects has led to raised and possibly unrealistic expectations of what can be achieved through community self-help initiatives, which could lead to disillusionment in the post-CRDA period. Several partners have begun to take steps to enable communities to support their own self-help initiatives after CRDA, and these efforts should be incorporated into all CRDA programs.

Programmatic Options:

- ***Put community committees in touch with local and national organizations that can support future self-help initiatives.*** While these organizations may not be able to maintain the level of funding provided under CRDA, they could be sources of more limited future support for a number of different programs at the local level.
- ***Shift focus away from large infrastructure projects toward smaller projects in communities that have addressed their most pressing infrastructure needs.*** If these communities continue to participate in CRDA, the focus should be on sustainability of skills acquired through the program, including management, leadership, civic participation, and other skills.
- ***Broaden the role of the CRDA CCs by encouraging them to get involved in advocacy and other activities within the community.*** For little or no cost, partners can begin to give CC members options for post-CRDA activities by training them to advocate for their community and to lead other community initiatives. CCs should be encouraged to develop a vision for themselves that extends beyond seeking donor funding. Moreover, they should be actively thinking about their future role in the community when CRDA and a \$200m budget no longer exist. The sooner this creative visioning process begins, the better prepared CCs will be when the program draws to a close.
- ***Consider increasing the counterpart contribution of communities in those most able to pay for their own programs.*** Most partners already have communities contributing upwards of 50% of funding for their programs. Some communities are better able to pay than others – these should be weaned off of CRDA funds more aggressively. A sliding scale approach could be used involving the national government’s own

equalization formulas used in calculating intergovernmental transfers. This would also have the advantage of benefiting poorer communities in an objective manner rather than targeting along ethnic or geographic lines.

c) Commission a study of the economic development impacts of the IG pillar.

The team was not able to comment in any technical, expert depth on the impacts the IG pillar. The team has questions regarding some of the IG pillar approaches that the Mission might consider having examined closer by a more team more qualified in IG/EF matters. Are large grants to business people a good idea, even if credit is not available? Is CRDA too big to allow for adequate monitoring of social payback and job creation requirements? Should there even be such a condition of social payback in an IG/EG type activity? Is a CC qualified to decide on the kind of IG activities CRDA should be investing in? Should CRDA support a scattergun approach to income-generating projects or should such projects fit within the parameters of a national or regional economic growth strategy?

d) Redefine, and place a higher priority on, the civic participation pillar.

Overall, the team believes that the civic participation pillar has strong potential for contributing to the overall CRDA program objectives of increasing citizen participation and civic engagement. However, the projects funded within the pillar do not all seem to be encouraging civic participation. A clearer justification and definition of the types of activities that could be funded under this pillar might help make CRDA more effective.

Criteria could include (but are not limited to) the following:

- projects that provide on-going opportunities for civic engagement,
- activities that bring together different civil society organizations (formal or informal, national and local),
- or those that provide civic education to promote democratic practices and values, and encourage citizen participation

e) Put measures in place to make CRDA even more transparent

CRDA implementers have developed a number of creative and effective ways to ensure that the program is implemented transparently. The programmatic options below highlight best practices that the team saw in their review as well as other options that can be institutionalized across the project. Trust is a significant societal problem in Serbia. Citizens participating in CRDA repeatedly emphasized to the team in interviews that at the beginning of the process they did not trust that anything would be done, but that over time they realized that the program was both effective and truly served their interests. This trust is one of CRDA's most valuable impacts, but also one of its most fragile. A focus on institutionalizing the various approaches implementers have developed to maintain transparency and ensure accountability will help make the trust created under the program sustainable. It will also train the leaders fostered through CRDA in the importance of creating transparent and accountable systems.

Programmatic Options:

- Develop standard by-laws that committee members must sign in order to serve on the committee. For example, committee members should be required to disclose conflicts of interest when considering proposals. Committee members, their families, and close business associates should not be eligible to benefit from income generation grants or other grants, except as a member of the community at large. Other standard procurement rules should begin to be applied to the committees as well.

- Develop set schedules for rotation of committee members. Some implementers already have set rotation schedules that require a percentage of the committee to change over every year. This rotation should be standard practice for committee members.
- Develop and publicize mechanisms for community members to report irregularities to implementers and USAID. These mechanisms could include a drop box, an ombudsman, or simply standard reporting procedures that are publicized by the committee to the community at large.
- Make the PRS, or at least larger parts of it, open to the public so that it does not require a username and password to access.

e) Put Mission management of CRDA within the DG Office: CRDA is an activity with a DG strategic objective, funded with DG monies. From both a bureaucratic and a technical point of view, CRDA should be managed by the DG Office. This would also facilitate linking CRDA with other DG activities the DG Office oversees as per some of the recommendations made in No. 2 above. It could also help assure that more attention is paid to the CRDA processes that have the potential for greater DG impacts.

6.2 Recommendations for Future Programming

CRDA will end in July 2006. The SLGRP will finish in September 2006. The end of these two programs will provide an opportunity to combine them in the future (we would have recommended a CRDA-like component in the current SLGRP but understand that it may no longer be modified for contractual reasons). This Mission will probably have a greatly reduced budget by then, making the merging of these two activities even more attractive. At the same time, we believe the Mission would be better served with a separate income-generating, economic development activity managed out of the Mission's EG Office.

a) Integrate a CRDA-like component into any future local government activities.

With a greatly reduced budget likely, not only for CRDA but the Mission as a whole, the Mission could consider integrating a CRDA-like component into any future local government activities. This would provide a local government activity with the means to create incentives for citizen and local government to interact. It would also help assure closer cooperation between citizens and local officials than is currently happening in CRDA.

b) Develop a separate micro, small and medium enterprise program to promote economic development and job creation and have it managed out of the Mission's Economic Growth Office.

While economic development is a community-identified priority, it would be better served by a strategically focused economic development program than by CRDA's democratic approach to project identification and selection. And similarly to the argument of putting CRDA under DG management, it follows that such a program would better be managed through the Mission's EG Office where linkages to other EG activities would also be easier.

Programmatic Options:

- *Coordinate closely with ongoing Serbian Enterprise Development Project and Opportunity International.* USAID/Serbia currently has two programs explicitly designed to provide support, both through technical assistance and credit, to micro, small and medium enterprise. These programs should be cooperating with CRDA to ensure that projects implemented under the Income Generation pillar have access to a

full range of USAID technical resources. Some partners are already working with Opportunity International, and this cooperation should be expanded.

- ***Develop a separate economic growth project focused on community-based economic development challenges.*** CRDA is currently implementing a number of important economic growth initiatives at the local level, including outreach to financial institutions, support for micro-entrepreneurs, and assistance to small and medium enterprises. This support has a specific community focus that should not be lost in future program (e.g., grants provided to SMEs under CRDA frequently require a ‘social pay-back’ that might not be included in a traditional economic growth program). Nonetheless, it would be best to implement an economic growth program in cooperation with a CRDA-like program, rather than through a CRDA-like program.

c) Identify and create ‘spaces’ for citizen participation and interaction in a post-CRDA environment in order to sustain the impact of the community mobilization that was achieved through CRDA. One of CRDA’s most important impacts to date has been the identification of a small but active core of new community leaders, as well as the revitalization of many existing community leaders in both the public and private sectors. It is important to consider how these community leaders will apply their newly gained skills, and play an active role in the community after the program ends.

Programmatic Options:

- ***Conduct a base-line survey to measure the current level of understanding of democratic principles and participation.*** A possible model for this kind of survey is the Afro-barometer used in parts of Africa. Annual updates of this survey will allow the Mission to track progress on increasing citizen participation and interaction.
- ***Create citizen boards at the municipal level.*** These groups should work on explicit community problems with government officials (e.g., developing local economic development plans, improving tax collection or oversight of building/construction permits).
- ***As part of the proposed MZ ordinance, include the creation of citizen forums.*** The new ordinance can require MZs to develop working groups or other forums to involve a greater number of citizens in decision-making.
- ***Consider ways to integrate some of the better performing CCs into future Mission civil society programming.*** It may be helpful to provide limited on-going support (training, advisory services, possibly micro-grants) for those CCs that continue to remain active in their communities after CRDA ends. At this point in time, it is unclear how many CCs will continue to operate or what direction they may choose to take. Presumably, some CCs will cease to function, while others will find new roles for themselves in the community. Providing some limited support to these groups could help build on what has already been achieved in terms of community mobilization. (For additional suggestions, see point eight below).

d) Maintain a focus on developing social capital and mitigating ethnic/political tensions in all USAID projects in Serbia. [South Serbia specific recommendations].

CRDA has specifically focused on building social capital and decreasing ethnic tensions. A move to an economic growth or a local government program might not fully address these issues in the ways that CRDA has done. This issue is clearly one of the fundamental objectives of CRDA and it is important that it be maintained after CRDA ends.

Programmatic Options:

- ***Use grants to NGOs to support public and civic education on interethnic tolerance and diversity.*** Such programs can be integrated both into the ongoing CRDA program and into future programming in a number of sectors.
- ***Involve youth groups in civic education campaigns on tolerance, both as targets and as implementing partners.*** Recent assessments, including the local government assessment, identified youth as particularly at risk for increasing radicalization and decreasing ethnic tolerance.
- ***Consider the role of school-based civic education in building a culture of democratic values as well as ethnic tolerance.*** DCHA/DG is increasingly recognizing the importance of school-based civic education for children, which may be more effective in the long term in terms of encouraging democratic values and beliefs. It is difficult to change deep-seated values and beliefs in adults, as these values are developed and set over a long period of time. Investing in civic education in children may be one way of reducing ethnic tensions between future generations.
- ***Focus on ethnic and political tensions in the upcoming Mission Conflict Assessment.*** Discussions under the CRDA assessment with local communities and municipal officials indicate that while interethnic tensions are still an issue in Serbia, increasing tension between political groups may also be a source of concern. The Conflict Assessment should specifically examine this issue, as well as the impact of the current political climate on Serbia's increasingly radical youth.

e) Include a focus on youth in future mission activities.

CRDA has made a good start toward integrating young people into both the decision-making process and projects implemented by communities. However, this focus has varied from partner to partner. All partners should be encouraged to implement programs in their remaining years that have an explicit focus on increasing opportunities for young people to be included in political and economic decision-making in their communities. This explicit focus on youth should be extended into all USAID/Serbia programming, especially in terms of economic growth, as communities frequently cited the lack of jobs and economic opportunity as a source of increasing frustration among young people. Research indicates that young people become involved in violence for a number of reasons, including lack of opportunity for economic participation, constructive political engagement, and social motivations. Programming should address these factors when targeting youth.

Programmatic Options:

- ***Develop youth-focused civic participation initiatives.*** Community-based programs are critical for youth because many of their needs are social. Youth service institutions need to provide group-based activities that build leadership, teamwork and self-governance skills under adult supervision. Future programs could build on examples like the Green Schools, Junior Achievement programs, and Youth Task Force mobilization implemented under CRDA. USAID should also consider working with organizations like the Balkan Children and Youth Foundation to develop programming to engage youth in democratic participation. Such programming could include training youth to register voters or to monitor elections.
- ***Develop economic opportunities for young people.*** USAID/Serbia's economic growth programs should examine the specific constraints preventing young people from accessing the job market, and take steps to target programming towards young people. Programming could include entrepreneurial training combined with

microfinance programs, so young people begin to see themselves as work providers, not just job seekers. It should also include education to develop job skills.

f) Push for systemic, structural changes in the MZs to promote deeper democratic impacts.

MZs have the potential to become relatively non-politicized, inclusive, active representatives of community needs at the municipal level, and this potential should be fostered in future support. All CRDA partners have worked with MZ members directly or indirectly through this program. Some are currently experimenting with using the MZ council instead of a CDC in the CRDA process. Future programming should focus on the development of the MZs and their integration into local government processes building on the work of SLGRP.

Programmatic Options:

- Tie CRDA and/or future funding to the adoption of the proposed MZ ordinance to provide an incentive for municipalities to adopt the ordinance. New municipalities entering CRDA in the next several years could be required to sign the MZ ordinance developed under SLGRP to participate.

g) Continue to focus on municipalities and communities long neglected by central authorities. Distribution of resources in Serbia has historically been subject to a number of biases, including a concentration of resources on urban areas, and the use of resources as rewards in a highly centralized system. Some CRDA approaches led to an increased focus on communities, both rural and urban, that had been systematically neglected for the last several decades. Future programming should foster the inclusion of these communities in democratic processes and promote their economic development.

Programmatic Options:

- ***Include a grant component in future local government programming explicitly designed to focus on neglected municipalities and communities.*** This component could be specifically focused on the least developed regions in Serbia, and could serve as a carrot to get municipalities and others to focus on the needs of these communities.
- ***Tie future co-funding requirements to a community's ability to pay.*** Poorer communities will have greater needs and less ability to find large amounts of co-funding needed to meet these needs. The more flexibility a partner has in their formula for co-funding, the more equity there will be in the distribution of projects between communities. The current program requires that partners receive an average of 25% co-funding for projects in their AOR. This requirement gives them a fair degree of flexibility to consider funding projects based on community needs. While there has been some flexibility in co-funding, partners generally have not taken advantage of the flexibility inherent in their agreements, imposing stricter requirements on communities than are necessary

h) Build on the capacities of the NGO sector and encourage linkages between NGOs, CCs and local government. Most of our programmatic recommendations for the future have focused on a local government program with a CRDA type component to it. The team would also like to encourage the mission to consider how future civil society programming could continue to build on what has been achieved by CRDA.

Programmatic Options:

- ***Support complementary advocacy activities to encourage increased public policy dialogue, and citizen involvement in political and economic decision-making at the national level.*** Efforts should be made to channel grassroots voices into national level public policy dialogue. Federating of grassroots organizations is one way this can be achieved. In addition, groups like Transparency International and others that work at the national level can also play a role in deepening local democratic reform, through activities such as monitoring municipal transfers and advocating for decentralization.
- ***Develop the capacity of local NGOs to provide technical assistance to other local NGOs and CCs.*** Special emphasis should be placed on the ability of these groups to: design and implement civic education programs; foster citizen participation in community initiatives and the elector process; monitor local government accountability; and address inclusion and social tolerance issues at the community level. At present there is a disconnect between the work of the CCs and the NGO sector. Expanding the role of those NGOs that are working at the community level can have positive benefits both in terms of strengthening the legitimacy of the NGO sector, as well as finding a more sustainable form of support for community based organizations.
- ***Encourage partnerships between NGOs and local government on a range of issues including service delivery, public education, and youth training.*** Both NGOs and local governments need education in the ways they can work together to enhance their separate missions. NGOs can gain support from local governments for their initiatives, and local governments can tap into NGO expertise and networks.

i) Commission a Democracy and Governance Assessment.

USAID has a well-developed assessment methodology for determining where the opportunities and constraints lay for the consolidation of democracy. The Mission should commission a DG Assessment prior to designing any post-CRDA interventions to assure that any future program designs are informed by the strategy that will come out of the Assessment.

APPENDICES

Appendix A – Assessment Questions	50
Appendix B - List of Interviews	54
Appendix C - CRDA and the Income Generating Pillar	60

Appendix A – Assessment Questions

NOTE: This list of questions was developed by the team and was used as general guidance for the interviews. This set of questions was not used as a set questionnaire applied rigidly to all interviews. Questions were added or deleted during individual interviews, as team members thought necessary.

Date _____

Name and position of person(s) interviewed _____

Organization(s) _____

Location _____

Questions for Citizen Committees/Beneficiaries

1. What is the role of CRDA in this community? What is the objective of CRDA?
2. Within the four pillar areas (civil participation, civil works, income generation or environment), have some kinds of projects been more or less successful? Why?
3. If USAID could continue in only one of the four pillar areas, which one do you think would be most important one to continue in?
4. If CRDA were to continue, how would you change/strengthen it?
5. CRDA is supposed to get citizens involved in political and economic decision-making at the local level. Does CRDA do this? Can you provide me with examples?
6. Should future CRDA projects focus on larger projects, larger clusters, etc, or not. Why?
7. If you had sufficient resources what type of non-CRDA projects would you implement? Why?
8. What is the role of the citizen committee in your community?
9. How representative are the citizen committees (CCs) of the community?
10. Who is on the committee? Are minorities (ethnic, religious, IDPs/Refugees, youth, women, minorities, etc) represented? Are women and younger people represented? Are members of the Roma, minorities represented? IDPs – Do you have an IDP/refugee populations?
11. What do you think will become of the CCs once CRDA ends?
12. How did you prioritize your projects?
13. How long did it take to agree on a project and implement it?
14. What were the obstacles?
15. How did you find funding?
16. What did the community contribute?
17. Do you believe that CRDA activities represent what the majority of the community wants?
18. Who benefits from the projects?
19. Who uses the infrastructure/building/business?
20. Does it benefit a certain region or group?
21. Are projects reaching IDP communities?
22. Is the project well known?
23. Financial transparency and accountability. Who manages the project funds – partners or CCs?
24. Are program budgets posted or discussed in public meetings?
25. How are contractors chosen/bids selected? Are bids sealed or open?
26. Who's maintaining the project?

27. Is the project self-financing? Who is paying for the upkeep, electricity, etc? What are the mechanisms for sustainability?
28. Please describe the kind of citizen participation in community matters and with the local government before and after CRDA with specific examples if possible. How has it changed?
29. How is your cooperation with local officials? How could it be improved?
30. How often do you meet with local government officials?
31. How is your cooperation with partners? How could it be improved?
32. Is money being used wisely?
33. How many CC members were involved in local government or community matters prior to CRDA?
34. What role has the local government had in this process/project? How can cooperation with them be improved or changed?
35. How many CC members are involved in non-CRDA community activities?
36. Have ethnic tensions in your community been increasing or decreasing?
37. Is CRDA addressing the underlying issues behind ethnic tensions? How could CRDA be doing this?
38. In the eyes of the average citizen, who gets credit for CRDA projects (LG, partners, USG, etc)?
39. Is there something unique about this area (culture, geography, economy, politics, etc) that you think changes or should change the way CRDA operates in this part of Serbia?

Questions for Local Government/Municipalities

1. What is the role of CRDA in this community? What is the objective of CRDA?
2. Within the four pillar areas (civil participation, civil works, income generation or environment), have some kinds of projects been more or less successful? Why?
3. If USAID could continue in only one of the four pillar areas, which one do you think would be most important one to continue in?
4. If CRDA were to continue, how would you change/strengthen it?
5. Should future CRDA projects focus on larger projects, larger clusters, etc, or not. Why?
6. How would you describe your interaction with the CCs?
7. How often do you meet with members of the CCs?
8. Does the Municipality have sufficient say in deciding on project priorities? What would you change?
9. If the Municipality had sufficient funding, what kind of projects would you be doing different from CRDA projects?
10. Describe the level of funding you have for co-funding CRDA projects. Is it increasing? (Please get them to state exactly where their CRDA co-funding is coming from, what budget line item, discretionary or not, etc.)
11. What financial resources have been set aside to maintain civic works and other projects?
12. How does the municipality decide which CRDA projects to fund?
13. Do you agree with the CRDA project priorities?
14. Does the SLGRP (the DAI local government activity) operate in this municipality?
15. Are the CDCs representative of the community? Are they politicized?
16. Who is excluded from the process or project management?
17. Are there political or ethnic tensions in your community? Has the CRDA process aided in unifying or bringing the community together?

18. In the eyes of the average citizen who receives credit for the CRDA projects (LG, partners, USG, etc)?
19. Do you believe that CRDA activities represent what the majority of the community wants?
20. Who benefits from the projects?

Questions for Implementers

1. Describe your CRDA process:
 - a. for identifying and forming Citizen Committees (CCs)
 - b. for identifying projects
 - c. the role/responsibility of community mobilizers
 - d. how your communities are selected and defined (are there any size or geographic requirements)
 - e. What is the role of the citizen committee in your community?
 - f. Please describe the kind of citizen participation in community matters and with the local government before and after CRDA with specific examples if possible.
 - g. how the media is used in your process
 - h. other techniques
 - i. how it is better or different than what the other partners are doing
 - j. What do you think will become of the CCs once CRDA ends?
 - k. Describe any best practices you have learned?
 - l. What is your approach to economic development activities? What type of economic activities do you undertake?
 - m. What is your approach to conflict mitigation/management?
 - n. How is your approach sustainable?

2. Describe your CRDA process:
 - a. for identifying and implementing cluster projects
 - b. what type of cluster projects have you implemented
 - c. how do you define a cluster
 - d. how your cluster process better or different than what the other partners are doing

(Try to get something in writing on what their process is. An important part of this assessment is looking at the five different approaches and identifying best practices and component or combination of components which might work for any future activity).

3. Describe your project identification and implementation process
 - a. How are projects identified and prioritized
 - b. How much oversight do you have in the identification, prioritization, and implementation process vs. that of the CCs
 - c. How do you calculate the # of beneficiaries
 - d. What is your engagement with the LG? Has the level of engagement changed over time? If so, how?
 - e. How has your project identification and implementation process changed over time?
 - f. How and where are projects approved? When/how are projects declined?
 - g. Do you believe that CRDA activities represent what the majority of the community wants?
 - h. Who benefits from the projects?

- i. Who uses the infrastructure/building/business?
 - j. Does it benefit a certain region or group?
 - k. Is the project well known?
 - l. How did you prioritize your projects?
 - m. How long did it take to agree on a project and implement it?
 - n. What were the obstacles?
 - o. What are the mechanisms for sustainability?
4. Financial transparency and accountability
 - a. Who manages the project funds – partners or CCs?
 - b. Are program budgets posted or discussed in public meetings?
 - c. How are contractors chosen/bids selected? Are bids sealed or open?
 - d. Who evaluates quality vs. cost of projects? Do they have to take the lowest bid?
 - e. Who hires engineers?
 - f. Who's maintaining the project?
 5. How have earmarks and other priorities affected CRDA? How does this fit in with the process of CCs identifying priorities?
 6. Are there parts of Serbia or your AOR where you think CRDA has become more or less relevant? Why?
 7. Is there something unique about this area (culture, geography, economy, politics, etc) that you think changes or should change the way CRDA operates in this part of Serbia?
 8. What are some of the best practices that you have learned?
 9. CRDA is supposed to get citizens involved in political and economic decision-making at the local level. Does CRDA do this? Can you provide me with examples?
 10. What is the role of CRDA in this community? What is the objective of CRDA?
 11. Within the four pillar areas (civil participation, civil works, income generation or environment), have some kinds of projects been more or less successful? Why?
 12. If USAID could continue in only one of the four pillar areas, which one do you think would be most important one to continue in?
 13. If CRDA were to continue, how would you change/strengthen it?
 14. Should future CRDA projects focus on larger projects, larger clusters, etc, or not. Why?
 15. Is CRDA addressing the underlying issues behind ethnic tensions? How could CRDA be doing this?

Appendix B - List of Interviews

Anagnosti, Sergej (BELGRADE/GDO)
Andelic, Barnimir, Field Engineer, IRD
Convery, Anne(E&E/ECA/B)
Dunnett, Christopher, First Secretary, Economic Affairs, US Embassy Serbia
Enders, Michael J.(BELGRADE/GDO)
Farnsworth, Sarah W(E&E/ECA)
Fawzy, Mazen, Mercy Corp CoP
Flanagan, Art(BELGRADE/GDO)
Galaty, Marguerite(E&E/PO)
Haselkorn, Faye(EGAT/PR/UP)
Hyman, Jerry(DCHA/DG)
Kelly, Ellen(BELGRADE/DGO)
Mabbs-Zeno, Carl(E&E/PO/SPA)
McKeon, Elizabeth(E&E/DGST)
Payne-Flavell, Carol(M/HR/OD)
Peter Lampesis, USAID/E&E/EG
Pickett, Mark(BELGRADE/GDO)
Priftis, Ted(E&E/DG/LGUD)
Shapiro, Pat(BELGRADE/PROG)
Bastovanovic, Milan(BELGRADE/DGO)
Vukasinovic, Bojana(BELGRADE/EPFO)
ACDI/VOCA – Mr. Gene Neill, CoP
ADF- Mr. Randy Tift, CoP
CHF – Mr. Brian Holst, CoP
IRD – Mr. Jesse Bunch
Mercy Corps – Mr. Mazen Fawzy

I America's Development Foundation, Area of Responsibility

Municipal Government Officials

Indijija – Mayor
Kikinda – Mayor
Pancevo – Mayor and local government officials
Sombor – Mayor and local government officials
Stara Pazova – Mayor and local government officials
Subotica – Mayor and local government officials
Vrsac – Mayor and local government officials
Zrenjanin – Mayor and local government officials

Meetings with Community Groups

Aleksa Santic- CC members
Basaid – CC members
Belegis – CC members
B. N. Selo – CC member
Botos – CC members
Doroslovo – CC members
Drugi Oktobar – CC members

Drugi Oktobar – meeting with CAG members
Idjos – CC members and beneficiaries
Novi Banovci – CC members
N. Slankamen – CC members
Pava Dolina – cluster committee members
Sombor – cluster committee members
Stanisic – CC members
Subotica – Centar III – CC and cluster committee members
Subotica – cluster committee members
Tavankut – CC members
Tomasevac – CC members
Uljma – CC members

Other Meetings

Novi Sad – Novi Sad Humanitarian Center (NGO)
Novi Sad – Chamber of Commerce of Vojvodina

Projects Visited

Tavankut – Multimedia Center – 2-02-09-05
Tavankut – Reconstruction of Kindergarten – 1-02-09-02
Subotica Cluster – Improvement of Health and Social Care for Children with Special Needs (2-12-10-11)
Aleksa Santic – Renovation of Kindergarten – 1-03-01-02
Stanisic – Improvement of Conditions of the Community Center for Citizens of Stanisic – 3-03-08-12
Stanisic - Increasing Vegetable Production in Stanisic – 3-03-08-12
Sombor Cluster - Establishing a Health Clinic Laboratory Center – 2-03-06-10
Doroslovo – Construction of Community Center – 2-03-05-04
Doroslovo – Improving Hog Production in Doroslovo – 2-03-05-05
Botos – Reconstruction of Three Classrooms in Botos – 2-10-01-04
Botos – Construction of Kindergarten – 1-10-01-02
Improving Hog Production in Zrenjanin – 1-12-04-03
Banatsko Novo B. – Construction of Deep Water Well – 1-08-08-01
Banatsko Novo B. – Building Capacity of Communal Public Utility Service in Banatsko Novo Selo – 2-08-08-03
Novi Banovci – Reconstruction of Kindergarten in Novi Banovci – 2-13-01-03
Belegis – Reconstruction of water supply network in Belegis – 2-13-01-08
N. Slankamen – Renovation of Health Clinic – 2-11-05-03
Basaid – Reconstruction of School Gymnasium – 2-07-02-03
Basaid – Asphalting of the Road – 2-07-02-05
Kikinda – Establishing a Citizen’s Assistance Center – 2-12-08-04
Kikinda – Improving Vegetable Production in Kikinda – 2-12-08-03
Idjos – Renovation of School – 1-07-04-02
Idjos – Renovation of School Facilities for Handicapped and other Students – 2-07-04-04
Idjos – Reconstruction of the Community Center – 2-07-04-05
Drugi Oktobar – Construction of Sewerage System in Decanska and Banatska Streets – 2-09-01-02
Cluster Plava Dolina – Construction of Water Supply System in Kustilj – 2-09-02-14

Uljima – Renovation and Beautification of Children Playground and Clean up of Playgrounds Surrounding – 2-09-04-03

Uljima – Construction of Toilets in Primary School – 2-09-04-04

II Mercy Corp. Area of Responsibility

Municipal Government Officials

Priboj – Deputy Mayor

Prijepolje – Mayor and President of the Executive Board, Prijepolje Municipality

Brus – President of municipal executive board, Brus CDC Member

Krusevac – President of municipal executive board, Krusevac CDC member

Raska – President and members of the Municipal Executive Board

Tutin – Vice-president of the Municipal Executive Board

Krusevac - Member of municipal assembly and Krusevac CDC member

Meetings with Community Groups

Priboj - CDC members

Kalafati/Mazici – CDC members

Krusevac - CDC members

Jolic Radoljub, (president of MZ), Krusevac CDC member

Kaonik - President of MZ Kaonik, member of CDC

Brus, - MZ representatives, Brus CDC members

Donje Kordince, MZ representatives, CDC members

Novi Pazar (Postenje), CDC members

Novi Pazar (Sabecevo), CDC members

Novi Pazar (Trnava), CDC members

Raska, CDC members

Tutin, CDC members

Other Meetings

Representatives of MC Novi Pazar Field Office

Projects Visited

Krusevac - Jelena Protic-Petronijevic, (director of Cultural Center), beneficiary

Priboj/Zlatibor - Hydroinsulation of Stadium and Reconstruction of Sports Hall and Rooms for Challenged Children

Priboj/Zlatibor - Reconstruction of the School Roof

Priboj/Zlatibor - Computer and electronic equipment for the “Little Town Cultural Workshop” Business Development Training: Micro-Grant

Prijepolje - Reconstruction of Market Place

Kaonik - Zlatko Milosevic, (primary school representative), beneficiary

Novi Pazar (Postenje) - NPC041/NP-19 Primary school reconstruction

Novi Pazar (Sabecevo) - NPC070/NP-34 School yard asphaltting

Novi Pazar (Trnava) - NPC030/NP-14 School reconstruction project

Raska - NPC056/RA-09 City center street paving project

Tutin - NPC028/TU-04 Reconstruction of high school sports field

Tutin - NPH002/NP-29 Diagnostic equipment for health clinic

III IRD, Area of Responsibility

Municipal Government Officials

UB – local government officials
Sabac – local government officials
Loznica – local government officials
Mionica – local government officials
Valjevo – local government officials

Meetings with Community Groups

Sloga - CDC members from Sloga
Zapadna Tamnava - CDC members
Tamnava Progres - CDC members
Od Presada do Karaule - CDC members
Sabac – CDC members
Loznica – CDC members
Mionica – CDC members
Valjevo – CDC members

Other Meetings

Valjevo - Meeting with IRD Program and Management Staff

Projects Visited

UB - Wood Drying Equipment – Refugee Grant
UB - Preporod Steers Coop – Grant
UB - Banjani Green Market Reconstruction
UB - Public Works/Community Clean-up Project of a Football field and the surrounding area
Sabac – Pre-school institution “Nase dete”
Loznica – wheel loader
Mionica – Sankovic Greenhouse Cooperative
Valjevo – public works and cleanup of illegal dump site in Peti Puk

IV CHR, Area of Responsibility

Municipal Government Officials

Razanjanj - Municipal Manager and local government officials
Aleksinac - President of Aleksinac municipal executive board, member of CDC
Gornji Matejevac – local government officials
Babusnica - President of municipal executive board, member of CDC
Vlasotince - Municipal urban planning company manager, CDC member
Knjazevac - local government officials
Vranje - President of municipal executive board and local government officials
Simo Gazikalovic, member of Coordination Body, Presevo
Bujanovac - Mayor

Meetings with Community Groups

Razanjanj – CDC and MZ members
Aleksinac - CDC members
Gornji Matejevac - CDC members
Babusnica - CDC members
Vlasotince – CDC members
Brestovac - CDC members

Kalna - CDC members
Minicevo - CDC members
Grliste – CDC and MZ members
Zvezdan – CDC and MZ members
Levosoje - CDC members
Zujince - CDC and MZ members

Other Meetings

Projects Visited

Aleksinac - bookkeeping agency, Kick Start and SBD
Kalna - Primary School Principal
Zujince - agricultural cooperative, SBD project
Razanjanj - Electric Power Network Improvement

V ACDI/VOCA, Area of Responsibility

Municipal Government Officials

Cacak - President and members of Municipal Executive Board
Gornji Milanovac - Vice-president and members of Municipal Executive Board
Jagodina - President and members of Municipal Executive Board
Kragujevac - member of Municipal Executive Board
Lapovo - President of Municipal Executive Board
Smederevska Palanka - President of Municipal Executive Board
Velika Plana - President of Municipal Executive Board
Vrnjacka Banja - Mayor and local government officials

Meeting with Community Committees

Cacak – CDC members Kljuc and Park
Gornji Milanovac – CDC members
Jagodina – CDC members Centar and Pivara
Kragujevac- CDC members Bubaj, Vasariste, and Illicevo
Lapovo - CDC members
Smederevska Palanka - CDC members
Velika Plana - CDC members
Vrnjacka Banja - CDC members

Other Meetings

Kragujevac - Representatives of ACIDI/VOCA
NGO Sunce (working on evaluation of CRDA Boards)

Project Visited

Cacak - 02CAU01001 Workshop for production of sport trophies
Cacak - 02CAU01003 Yard landscaping of the Association of people with hearing problems
Cacak - 03CAC09001 City park reconstruction
Gornji Milanovac - 02GMU01004 Equipment for the bakery
Jagodina - 03JAC01003 Reconstruction of the lobby in the town hall building
Jagodina - 03JAU03001 Ecological educational program and equipping of playgrounds in kindergartens

Jagodina - 02JAU04002 Provision of stage lights in Cultural Center
Jagodina - 02JAU04003 Installation of A/C equipment in Cultural Center
Kragujevac - 03KGC12008 Equipment for the consumers rights association
Kragujevac - 03KGU04002 Equipment for textile workshop
Kragujevac - 03KGC12009 Medical equipment for the Kragujevac hospital
Kragujevac - 03KGU02003 Equipment for maintaining of park areas
Krnjevo - 03VPR02001 Supply of medical equipment for rural dispensaries
Lapovo - 03LAU01001 Construction of the Health Center Lapovo - II phase
Smederevska Palanka - 03SPR05001 Construction of the heating system and enlarging of school building in Glibovac
Smederevska Palanka - 01SPC01004 Center for disabled young people
Smederevska Palanka - 02SPU03004 Elimination of illegal landfill in Roma settlement
Velika Plana - 03VPU01003 Reconstruction of the "Decje Carstvo" kindergarten
Vrnjacka Banja - 02VBR02001 Honey production cooperative in Rsavci

Appendix C - CRDA and the Income Generating Pillar

The CRCDA assessment team has been asked to provide recommendations on 1) whether CRDA is an appropriate vehicle for income-generating activities and 2) what CRDA might consider changing in its current approach to IG activities. The team wishes to prefix this section by again pointing out that we are not qualified, either by training or experience, to provide great insight on this topic. But as laypersons, we have made the following observations.

In sum, we do not believe that CRDA is an ideal mechanism for income-generating activities. But we also recognize that for various reasons having to do with the Ambassador's desire to turn CRDA into an income-generating activity and restrictions on mounting new activities, CRDA may be forced to becoming an income-generating activity. Below, we recap why we do not believe CRDA is the best way to approach income generation. This is followed by a section on, given current realities, what kind of IG activities CRDA could focus on.

A community mobilization approach may not be ideal for income-generating activities

As pointed out in the assessment, the CRDA concept is fundamentally a DG activity and has some philosophical differences with income-generating activities. CRDA is about fostering a sense of volunteerism and community. Income-generating activities are more about pursuing very personal self-interests. One partner (MC) appears to have come to a similar conclusion and has separated the grants it makes through the IG pillar from the community decision-making process.

Adequate monitoring is not feasible for CRDA's IG projects.

Many of CRDA's IG projects would ideally require long-term follow-up monitoring to assure that social payback requirements are met, equipment, livestock, etc bought by CRDA is being used for intended purposes and has not been sold off or otherwise misappropriated, jobs have been created, etc. But with thousands of CRDA projects to date, such monitoring is not practical. Even during the team's field visits to a relatively small number of IG projects, questions arose as to what was being reported in the PRS in terms of social paybacks being made by beneficiaries and what we were observing on the ground. The cost and administrative burden of monitoring scores of IG projects may not be reasonable considering the benefits.

CRDA's approach to IG projects lack strategic vision.

For a huge activity such as CRDA, both in terms of reach and budget, Income generation projects, or any other kinds of projects for that matter, would ideally follow from a common strategy. CRDA IG projects in one AOR would not be happening in a vacuum relative to what is happening in the other AORs or at the national level. Local-level IG projects could, for example, fit into a local economic development strategy, a document produced by collaboration between citizens, local business communities and local governments (discussed in further detail below).

The CRDA practice by some partners of making large grants to existing businesses persons should be further examined.

The team is uncertain whether the practice of making large grants so that existing businesses can expand is the best way to go about generating income. We wonder whether CRDA could be hindering broad-based economic growth in one area by singling out a select number of beneficiaries. For example, if one mushroom processor in a particular area receives a huge

grant to expand his business, are other mushroom processors now at a disadvantage? Are non-beneficiaries less able to compete with a beneficiary who has been able to increase production and reduce costs thanks to a CRDA grant? Are non-beneficiaries less likely to expand their own businesses if they have become less competitive vis-à-vis a beneficiary?

If nevertheless CRDA is going to shift from its four pillar approach to focusing only or primarily on the IG pillar, here are some IG areas we believe might be most compatible with the CRDA approach:

- ***Develop Local Economic Development Strategies***

The existing CRDA citizen committees could within the existing parameters of the current program work closer with municipalities on developing a strategy for local economic development (LED). In short, crafting a LED strategy involves a process of citizens, the local business community and local officials working together to identify a community's comparative advantages and identifying the constraints to realizing those advantages. Once a strategy is in place, IG projects could be geared towards addressing the constraints identified in the LED strategy. This is a common feature of many local level programs in the E&E region and there are off-the-shelf, well-established LED models that could readily be adapted for use. The advantage of developing a LED strategy is that the CRDA approach to mobilizing citizens would still be an instrumental component of this process. Creating LED strategies would also pull local officials into the decision-making process, something we feel strongly about as a general recommendation for CRDA.

- ***Focus on Economic Infrastructure***

CRDA could continue its focus on identifying local infrastructure needs, as long as they are directly linked to economic growth. The Mission could easily make a case that economic growth and income generation in an area are dependent on, for example, adequate roads and irrigation networks. The choice of what to address could be part of the LED constraints, identified in the LED strategy formulation discussed above. Given that it is likely that the Mission's budget will be sharply cut back, CRDA may have to opt for smaller ticket items than in the past.

- ***Business Improvement Districts***

CRDA together with the SLRGP have already implemented some business improvement district (BID) projects, which involve a substantial "makeover" of a municipality's downtown retail area. BIDs fit the CRDA model well because they can be agreed upon and designed with citizen and local government involvement. Who personally profits becomes less of an issue because the entire community benefits from a downtown renovation. And it can arguably lead to income generation and job creation as downtown areas become more attractive for investment.